2021 Auditor's Report
of
ASIAN Trails International Travel Services (Beijing) Ltd.

DSK [2022] 01—005

Contents

北京注册会计师协会

业务报告统一编码报备系统

业务报备统一编码:	110003952022561000022
报告名称:	2021 年度审计报告书
报告文号:	东审会【2022】01-005号
被审（验）单位名称:	北京亚信国际旅行社有限公司
会计师事务所名称:	北京东审会计师事务所（特殊普通合伙）
业务类型:	财务报表审计
报告意见类型:	无保留意见
报告日期:	2022年01月18日
报备日期:	2022年01月19日
签字注册会计师:	贾凡(110004910004), 周国霞(110003950021)

(可通过扫描二维码或登录北京注协官网输入编码的方式查询信息)

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Auditor's Report

DSK [2022] 01—005

To all shareholders of ASIAN Trails International Travel Services (Beijing) Ltd.,

I. Audit Opinions

We have audited the attached financial statements of ASIAN Trails International Travel Services (Beijing) Ltd. (hereinafter referred to as the Company), including the Balance Sheet as of December 31, 2021, and the Income Statement, the Cash Flow Statement and the Statement of Change in Owners' Equity for the year then ended, and the Notes to Financial Statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting System for Business Enterprises in all significant aspects, and have given fair views on the Company's financial position as of December 31, 2021, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinions

We conducted an audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section "CPA's Responsibility for Auditing Financial Statements" hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinions.

Based on our audit, if we confirm that other information has material misstatement, we shall report such facts. In this respect, we have nothing to report.

IV. Responsibilities of the Management and the Executives on the Financial Statements

The Company's management (hereinafter referred to as the management) is responsible for preparing the financial statements that give fair view in accordance with the Accounting System for Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

In preparation of the financial statements, the management is responsible for evaluating the Company's ability of going concern, disclosing the matters related to going concern (if applicable), and utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company's financial reporting.

V. CPA's Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor's report including the audit opinions. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidences as the basis for the audit opinions. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinions on the effectiveness of the internal control.

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(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company's ability of going concern based on the obtained audit evidences at the same time. If our conclusions hold that there is material uncertainty, the auditing standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor's report; if the disclosures are insufficient, we should express unqualified opinions. Our conclusions are based on the information available as of the date of the auditor's report. However, the future matters or circumstances might disqualify the Company from going concern.

(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.

Beijing Dongshen Certified Public Accountants
(Special General Partnership)

Beijing, China

January 18, 2022

Chinese CPA: 中国注册会计师 贾凡 110004910004

Chinese CPA: 中国注册会计师 周国霞 110003950021

Balance Sheet

December 31, 2021

会企01表 KQ Form 01

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd.

Currency: Rmb

Assets	Notes	Year-closing balance	Year-opening balance
Current Assets:			
Cash and cash equivalents	1	1,541,125.77	2,955,519.67
Financial assets measured at fair value through profit or loss for the current period	2	-	-
Derivative financial assets	3	-	-
Notes receivable	4	-	-
Accounts receivable	5	180,245.42	175,993.44
Advances to suppliers	6	91,518.36	91,082.33
Other receivables	7	284,091.30	486,042.68
Including:Interest receivable	8	-	-
Dividend receivable	9	-	-
Other receivables	10	284,091.30	486,042.68
Inventories	11	-	-
Hold for sale assets	12	-	-
Non-current assets due within one year	13	-	-
Other current assets	14	194,524.05	140,752.70
Total Current Assets	15	2,291,504.90	3,849,390.82
Non-current Assets:			
Financial assets available for sale	16	-	-
Held-to-maturity investment	17	-	-
Long-term accounts receivable	18	-	-
Long-term equity investments	19	210,000.00	210,000.00
Investment Properties	20	-	-
Fixed assets at net book value	21	26,946.25	59,915.46
Including:Fixed assets at net book value	22	26,946.25	59,915.46
Fixed assets pending disposal	23	-	-
Construction in progress	24	-	-
Including:Construction in progress	25	-	-
Construction supplies	26	-	-
Live stock assets	27	-	-
Oil and gas assets	28	-	-
Intangible assets	29	96,569.85	169,891.57
Capitalized research and development expenses	30	-	-
Goodwill	31	-	-
Long-term prepaid assets	32	-	-
Deferred income tax assets	33	-	-
Other non-current assets	34	-	-
Total Non-current Assets	35	**333,516.10**	**439,807.03**
Total Assets	36	**2,625,021.00**	**4,289,197.85**

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

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Balance Sheet

December 31, 2021

会企01表 KQ Form 01

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd. Currency: Rmb

Liabilities & Owners' Equity	Notes	Year-closing balance	Year-opening balance
Currents Liabilities:			
Short-term loans	37	2,289,240.00	-
Financial liabilities measured at fair value through profit or loss for the current period	38	-	-
Derivative financial liabilities	39	-	-
Including:Notes payable	40	-	-
Accounts payable	41	158,400.40	70,661.22
Accounts advanced from customers	42	456,037.85	598,861.44
Salary and wages payable	43	103,911.20	98,169.80
Taxes and dues payable	44	4,101.53	503.52
Other payables	45	601,722.00	981,530.89
Including:Interest payable	46	-	-
Dividend payable	47	-	-
Other payables	48	601,722.00	981,530.89
Held for sale debt	49	-	-
Non-current liabilities due within one year	50	-	-
Other current liabilities	51	-	-
Total Current Liabilities	52	**3,613,412.98**	**1,749,726.87**
None current liabilities:			
Long-term loans	53	-	-
Debentures payable	54	-	-
Debentures payable-Preferred Stock	55	-	-
Debentures payable-Perpetual debt	56	-	-
Payables due after one year	57	-	-
Including:Payables due after one year	58	-	-
Government grants payable	59	-	-
Provisions	60	-	-
Deferred income	61	-	-
Deferred income tax liabilities	62	-	-
Other non-current liabilities	63	-	-
Total Non-current Liabilities	64	-	-
Total Liabilities	65	**3,613,412.98**	**1,749,726.87**
Owners' Equity(or shareholder's equity):			
Paid in capital(or equity capital)	66	4,000,000.00	4,000,000.00
Other equity instruments	67	-	-
Including:Other equity instruments-Preferred Stock	68	-	-
Other equity instruments-Perpetual debt	69	-	-
Capital surplus	70	1,606.36	1,606.36
Minus:Retained stock	71	-	-
Other comprehensive income	72	-	-
Special reserve	73	-	-
Surplus reserve	74	248,500.50	248,500.50
Undistributed profit	75	-5,238,498.84	-1,710,635.88
Total Owners' Equity	76	**-988,391.98**	**2,539,470.98**
Total Liabilities & Owners' Equity	77	**2,625,021.00**	**4,289,197.85**

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Responsible official of enterprise: Finance employee in charge: Principal of Accounting Firm:

Income Statement

Year 2021

会企02表 KQ Form 02

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd.

Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I. Sales of operations	1	133,899.14	2,007,091.77
Less: Cost of operations	2	102,445.03	160,976.45
Sales tax and additions	3	334.79	5,756.03
Selling expenses	4	79,785.12	115,498.02
General and administrative expenses	5	3,523,416.33	5,498,206.93
Research and development expenses	6	-	-
Financial expenses	7	-44,219.17	-30,963.15
Including:Interest expenses	8	-	-
Interest income	9	74,512.21	70,048.41
Add:Miscellaneous incomes	10	-	-
Investment income (loss expressed with "-")	11	-	-
Including:Income from associates and joint ventures	12	-	-
Income from changes in fair value (loss expressed with "-")	13	-	-
Impairment of assets	14	-	-
Disposal of assets(loss expressed with "-")	15	-	-
II. Operating income (loss expressed with "-")	16	**-3,527,862.96**	**-3,742,382.51**
Add:Non-operating income	17	-	445,242.24
Less:Non-operating expense	18	-	-
III. Total income	19	**-3,527,862.96**	**-3,297,140.27**
Less:Income tax	20	-	-
IV. Net income (loss expressed with "-")	21	**-3,527,862.96**	**-3,297,140.27**
Continuous operation Profit/loss	22	-3,527,862.96	-3,297,140.27
Terminate the operation Profit/loss	23	-	-
V. Each component of other comprehensive income, net of income tax effect	24	-	-
1. Other comprehensive income which will not be reclassified subsequently to profit or loss	25	-	-
1.1 Remeasure set benefit plan changes	26	-	-
1.2 Other comprehensive income that cannot be transferred to profit or loss under the equity method	27	-	-
……	28	-	-
2. Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met	29	-	-
2.1 Other comprehensive income under the equity method	30	-	-
2.2 Changes in fair value of financial assets available for sale	31	-	-
2.3 Investments held to maturity are reclassified as profits and losses of marketable financial assets	32	-	-
2.4 The effective part of cash flow hedging profit and loss	33	-	-
2.5 Translation differences arising on translation of foreign currency financial statements	34	-	-
……	35	-	-
VI. Total comprehensive earning	36	**-3,527,862.96**	**-3,297,140.27**
VII. Earning Per Share			
1.Primary earnings per share	37	-	-
2.Diluted earnings per share	38		-

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

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Cash Flow Statement

Year 2021

会企03表 KQ Form 03

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd.

Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I. Cash Flows From Operating Activities			
Cash received from sale of goods or rendering of services	1	169,974.14	6,381,018.42
Refund of tax and levies	2	-	
Other cash received relating to operating activities	3	2,328,303.48	1,070,553.66
Sub-total of cash inflows from operating activties	4	2,498,277.62	7,451,572.08
Cash paid for goods and services	5	108,591.73	6,630,735.59
Cash paid to and on behalf of employees	6	2,551,568.18	2,283,969.65
Payments of all types of taxes	7	-	76,608.29
Other cash paid relating to operating activities	8	3,541,751.61	3,603,672.41
Sub-total of cash outflows from operating activties	9	6,201,911.52	12,594,985.94
Net cash flows from operating activities	10	-3,703,633.90	-5,143,413.86
II. Cash Flows From Investing Activities			
Cash received from recovery of investments	11	-	
Cash received from returns on investments	12	-	
Net cash received from disposal of fixed assets, intangible assets & other long-term assets	13	-	
Net cash from disposal of Subsidiary and other operating entitie	14	-	
Other cash received relating to investing activities	15	-	
Sub-total of cash inflows from investing activities	16	-	-
Cash paid to acquire fixed assets, intangible assets & other long-term assets	17	-	407,463.39
Cash paid to acquire investments	18	-	
Net cash obtained from subsidiary and other operating entities	19	-	
Other cash payments relating to investing activities	20	-	
Sub-total of cash outflows from investing activities	21	-	407,463.39
Net cash flows from investing activities	22	-	-407,463.39
III.Cash Flows From Financing Activities			
Cash received from capital contribution	23	-	
Cash received from borrowings	24	2,289,240.00	
Other cash received relating to financing activities	25	-	
Sub-total cash flows from financing activities	26	2,289,240.00	-
Cash repayments of amounts borrowed	27	-	
Cash payments for interest expenses and distribution of dividends or profit	28	-	
Other cash payments relating to financing activities	29	-	
Sub-total cash flows from financing activities	30	-	-
Net cash flows from financing activities	31	2,289,240.00	-
IV. Effect Of Foreign Exchange Rate Changes On Cash	32		
V. Net Increase/(Decrease) In Cash And Cash Equivalents	33	-1,414,393.90	-5,550,877.25
Add：Cash and cash equivalents at the beginning of the year	34	2,955,519.67	8,506,396.92
VI.Cash and cash equivalents at the end of the year	35	1,541,125.77	2,955,519.67

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

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Statement of Changes in Equity

Year 2021

会企04表 KQ Form 04

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd.

Currency: Rmb

Items	Notes	Current Year										
		Paid in capital (or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	-1,710,635.88	2,539,470.98
Add:Change in accounting policy	2											-
Corrections of prior period errors	3											-
Others	4											-
II. Opening balance this year	5	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	-1,710,635.88	2,539,470.98
III. Fluctuation amount this year (decrease expressed with "-")	6	-				-	-	-		-	-3,527,862.96	-3,527,862.96
1.Total comprehensive income	7										-3,527,862.96	-3,527,862.96
2.Owners' capital of input and decrease	8	-				-	-	-	-	-	-	-
2.1.Owner of the common shares	9											-
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											-
2.4.Others	12											-
3. Profit distribution	13	-				-	-	-	-	-	-	-
3.1.Appropriation of surplus reserve	14											-
3.2.Distribution to owners	15											-
3.3.Others	16											-
4. Internal transfer of owners' equity	17	-				-	-	-	-	-	-	-
4.1.Capital surplus to increase capital(or equity capital)	18											-
4.2.Surplus reserve to increase capital(or equity capital)	19											-
4.3.Surplus reserve making up losses	20											-
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22										-	-
IV. Closing balance this year	23	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	-5,238,498.84	-988,391.98

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

Statement of Changes in Equity
Year 2021

会企04表 KQ Form 04

Prepared by: ASIAN Trails International Travel Services (Beijing) Ltd.

Currency: Rmb

Items	Notes	Previous Year										
		Paid in capital(or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	4,000,000.00				1,606.36				248,500.50	1,586,504.39	5,836,611.25
Add:Change in accounting policy	2											-
Corrections of prior period errors	3											-
Others	4											-
II. Opening balance this year	5	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	1,586,504.39	5,836,611.25
III. Fluctuation amount this year (decrease expressed with "-")	6	-	-	-	-	-	-	-		-	-3,297,140.27	-3,297,140.27
1.Total comprehensive income	7										-3,297,140.27	-3,297,140.27
2.Owners' capital of input and decrease	8	-	-	-	-	-	-	-	-	-	-	-
2.1.Owner of the common shares	9											-
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											-
2.4.Others	12											-
3.Profit distribution	13	-	-	-	-	-	-	-	-	-	-	-
3.1.Appropriation of surplus reserve	14											-
3.2.Distribution to owners	15											-
3.3.Others	16											-
4.Internal transfer of owners' equity	17	-	-	-	-	-	-	-	-	-	-	-
4.1.Capital surplus to increase capital(or equity capital)	18											-
4.2.Surplus reserve to increase capital(or equity capital)	19											-
4.3.Surplus reserve making up losses	20											-
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22										-	-
IV.Closing balance this year	23	4,000,000.00	-	-	-	1,606.36	-	-	-	248,500.50	-1,710,635.88	2,539,470.98

Legal Representative: Accounting Supervisor: Principal of Accounting Firm:

ASIAN Trails International Travel Services (Beijing) Ltd.

Notes to Financial Statements

The year in 2021

(Unless otherwise especially specified, the amounts are stated in RMB)

Ⅰ.Company Profile

ASIAN Trails International Travel Services (Beijing) Ltd. (hereinafter referred to as the "Company") was established on September, 2010, Uniform social credit code for enterprises: 91110105717884659B; Type of Company: limited liability company; Domicile: No.37 Mai Zidian Avenue, Chao yang Disteict, Beijing, China; Registered Capital: RMB 4,000,000.00; Paid-in Capital: RMB 4,000,000.00, Operation Period: 50 years; Legal Representative: Zhang Xiaolin.

Business scope: Domestic tourism business, Inbound tourism business, Conference Services (Market entities independently select business projects and carry out business activities in accordance with the law; domestic travel business, inbound travel business, and projects subject to approval in accordance with the law shall carry out business activities in accordance with the approved content after the approval of relevant departments; they shall not engage in the prohibition of national and municipal industrial policies and Operational activities of restricted projects.)

History：

2019-01-04, Conference Services was added in the company's Business scope.

2020-12-16, the company's domicile was changed from Room 1401, Sai Te Building, No. 22 Jian Guo Men Wai Street, Chaoyang District, Beijing to Room 810, 8th Floor, No. 37 Maizidian Street, Chaoyang District, Beijing.

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

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Under the assumption of going concern, the Company recognizes and measures the actual events and transactions and prepares the financial statements in accordance with *the Accounting Standards for*

Business Enterprises– Basic Standards enacted by the Ministry of Finance, 42 accounting standards, application guidelines and interpretations thereof, other relevant regulations, and the Notice of the Ministry of Finance on Revising and Printing the General Formal for the Financial Statements in 2018 (CK [2018] No.15) (hereinafter collectively referred to as the "*Accounting Standards for Business Enterprises*").

2. Going concern

The financial statements are presented based on the assumption of going concern. The Company has not engaged in any events or circumstances that challenge the Company's ability of going concern over the 12 months at the end of the reporting period.

III. Statements on Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and have given true and complete views on the Company's financial position as of December 31, 2021, and other information related to operating results and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates of the Company

1. Accounting period

The Company's accounting year begins on January 1 and ends on December 31 of every Gregorian calendar year. This reporting period ends on December 31, 2021.

2. Business cycle

The normal business cycle refers to the period from the date when the Company purchases the assets for processing to the date when the cash or cash equivalents are realized. The Company counts 12 months as a normal business cycle, and regards the business cycle as the classification criteria of the liquidity of the assets and liabilities.

1. Functional currency

The Company's functional currency is Chinese Renminbi (RMB).

2. Accounting method of foreign-currency transactions

Any foreign-currency transactions are translated into the amounts in the functional currency at the spot exchange rate ruling on the transaction date. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the balance sheet date, and the exchange difference is recorded in the current profit and loss. The non-monetary items denominated in foreign currencies are still translated at the spot exchange rate ruling on the transaction date. When the financial statements of overseas operation are translated, the asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date, and the owners' equity item other than the "undistributed profits" item are translated at the spot exchange rate ruling when such items are incurred. The income and expense items in the income statements are translated at the spot exchange rate ruling on the transaction date (or approximate exchange rate). When the Company disposes of the overseas operation, the Company shall carry forward the translation difference of the foreign-currency financial statements that is presented under the owners' equity item in the balance sheet and related to such overseas operations to the current profit and loss of the disposal period from the owners' equity item; if the overseas operation is disposed in part, the translation difference of the foreign-currency financial statements in question shall be calculated in proportion to disposal, and carried forward to the current profit and loss.

3. Recognition criteria of the cash and cash equivalents

The Company cash and cash equivalents include the cash on hand, the cash in bank available for payment at any time, and the Company's short-term and high-liquidity investments that are readily convertible into cash of known amounts and have insignificant risks of change in value.

6. Receivables

The receivables include the accounts receivables and other receivables.

(1) Recognition criteria of the bad debt reserves

The Company assesses the carrying amounts of the accounts receivable on the balance sheet date. If there are following objective evidences that the accounts receivable are impaired, the impairment provision is calculated: ①The debtor has serious financial difficulty; ②The debtor violates the contract terms and conditions (e.g. default or overdue payment of interest or principal); ③The debtor is likely to be closed down or engages in other financial restructuring; ④There are other objective evidences that the accounts receivable are impaired.

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(2) Calculation method of the bad debt reserves

① Calculation method of accounts receivable of significant single amount and single bad debt reserves: the accounts receivable of significant single amount are individually tested for impairment. If there is objective evidence that the accounts receivable are impaired, the bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount.

If the accounts receivable of significant single amount have not been impaired upon separate test, the bad debt reserves are calculated in combination.

②Accounts receivable of insignificant single amount and single bad debt reserves

Reasons for single calculation of the bad debt reserves	Accounts receivable involved in proceedings, and worsen client's credit status
Calculation method of the bad debt reserves	The bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount

③Accounts receivable whose bad debt reserves are calculated in combination

In respect of the accounts receivable that have not been impaired upon separate test (including accounts receivable of significant and insignificant single amounts), and the accounts receivables that have not been tested separately and have insignificant amount, the bad debt reserves are calculated in the combination of the following credit risk features:

Type of combination	Determination basis of combination	Calculation method of bad debt reserves in combination
Aging combination	Aging status	Aging analysis method

7. Long-term equity investments

For the purpose of this section, the long-term equity investments refer to the long-term equity investments through which the Company has control, common control or significant influence on the investee. The long-term equity investments through which the Company does not have control, common control or significant influence are recognized as the available-for-sale financial assets or the financial assets at FVTPL. See Note IV. 6 "Financial Instruments" for the accounting policies in detail.

Common control refers to the Company's control over certain arrangement in accordance with the relevant contracts, and the decisions on the related activities of such arrangements must be agreed by the participants of the control power. Significant influence is recognized when the Company has the power to participate in deciding the financial and operation policies of the investee, but does not control or jointly control with others formulation of these policies.

(1) Initial measurement of the long-term equity investments

① In respect of the business merger under common control, the carrying amounts of the owners' equity acquired from the merged party on the date of merger are the initial investment costs of the long-term equity investments. The difference between the initial investment costs of the long-term equity investments, and the carrying amounts of the cash payments, the transferred non-cash assets and the incurred liabilities eliminates the capital reserves; if the capital reserves are insufficient for offset, the retained earnings are adjusted. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

② In respect of the business merger under non-common control, the initial investment costs are the sum of the assets and liabilities paid and incurred or assumed by the acquirer, and the fair value of the equity securities issued by the acquirer. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

③ Long-term equity investments acquired by other means. The initial investment costs of the long-term equity investments acquired by cash payments are the actually paid purchase price; the initial investment costs of the long-term equity investments acquired by issuing the equity securities are the fair values of the issued equity securities; as to the long-term equity investments made by the investors, the initial investment cost is the value set out in the investment contract or agreement (deduction of the outstanding cash dividends or profits that have been announced), except that the value under the contract or agreement is unfair; to the extent that the non-monetary asset swap is of the business essential and the fair values of the swap-in assets or the swap-out assets can be measured reliably, the initial investment costs of the long-term equity investments arising from swap of the non-monetary assets are determined at the fair values of the swap-out assets, unless there is concrete evidence that the fair value of the swap-in asset is more reliable. In respect of the non-monetary asset swap that is inconsistent with the foregoing preconditions, the initial investment costs of the long-term equity investments equal to the carrying amounts of the swap-out assets and the payable taxes; in respect of the long-term equity investments arising from debt restructuring, the initial investment costs are determined at their fair values.

(2) Subsequent measurement of the long-term equity investments

The long-term equity investments in the subsidiaries are measured using the cost method.

The long-term equity investments that do not exert common control or significant influence on the investee, and do not have a quoted price in an active market, and reliable fair value are measured using the cost method.

The long-term equity investments that exert common control or significant influence on the investee are measured using the equity method.

The long-term equity investments that are subject to accounting under the cost method should be measured at the initial investment cost. The additional or returned investments shall eliminate the costs of the long-term equity investments. The cash dividends or profits announced to be distributed by the investee are recognized as the current investment income, whether the distribution of the relevant profits is the distribution of the net profits realized by the investee before or after investment.

As to the long-term equity investments under the equity method, if the initial investment costs exceed the fair value of the net identifiable assets of the investee at the time of investment, the initial investment costs of the long-term equity investments are not adjusted; if the initial investment costs are lower than the fair value of the net identifiable assets of the investee at the time of investment, the resulting difference should be recognized in the current profit and loss, and the costs of the long-term equity investments shall be adjusted at the same time. After the investor acquires the long-term equity investments, the investor shall recognize the investment gains or losses and adjust the carrying amounts of the long-term equity investments at the amounts of the net profits or losses to be shared or assumed in the investee. The investor accordingly reduces the carrying amounts of the long-term equity investments in proportion of the profits or cash dividends announced by the investee.

As to the long-term equity investments under the equity method, when the investor recognizes the net losses accrued in the investee, the carrying amounts of the long-term equity investments and other long-term equity that substantially constitutes net investments in the investee shall be written down to zero, except that the investor is obligated for the additional losses. If the investee realizes net profits subsequently, after the Company recovers the unrecognized losses with the gains sharing, the gains sharing is recognized upon recovery.

In respect of the long-term equity investments under the equity method, the investor shall adjust the carrying amounts of the long-term equity investments in connection with the changes to the owners' equity other than the net profits and losses of the investee, and recognize such changes in the owners' equity.

(3) Conversion and disposal of the long-term equity investments

When the long-term equity investments are disposed, the difference between their carrying amounts and the actual price payment shall be recognized in the current profit and loss. If the long-term equity investments under the equity method are recognized in the owners' equity due to other changes in the owners' equity than net profits and losses of the investee, the long-term equity investments that are previously recognized in the owners' equity should be reversed through profit or loss at the

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corresponding proportion when such investments are disposed.

8. Fixed assets

Fixed assets refer to the tangible assets that are held for the purposes of commodity production, labor service rendering, lease and operation management, and have useful life of more than one year.

(1) Initial measurement of the fixed assets

The costs of the purchased fixed asset include the purchase price, the relevant taxes, and the transportation costs, the handling charges, the installation costs and the professional service fees incurred before the fixed assets are ready for their intended use.

If payment for the purchase price of the fixed assets is delayed beyond the normal credit conditions, and is substantially of financing nature, the costs of the fixed assets are determined at the present value of the purchase price.

The costs of the self-built fixed assets are composed of the necessary expenditures incurred before such assets are ready for their intended use.

As to the fixed assets acquired by the debtors in the debt restructuring for debt repayment, their entry value is determined at their fair value, and the difference between the carrying amounts of the restructured debts and the fair value of such fixed assets for debt repayment is recognized in the current profit and loss;

(2) Subsequent measurement of the fixed assets

Depreciation method of the fixed assets: from the next month after the fixed assets are ready for their intended use, the depreciation of the fixed assets is calculated using the straight-line method over the useful life. The useful life, estimated net residual value and the annual depreciation rate of the fixed assets are as follows:

Type of asset	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Office equipments	5	0．00	20.00
Electronic equipments	3、5	0．00	20．00、33.33

If the subsequent expenditures of the fixed assets meet the fixed asset recognition conditions, such expenditures shall be recognized in the costs of the fixed assets, and the carrying amounts of the replaced fixed assets shall be deducted at the same time; if the fixed asset recognition conditions are not met, such expenditures shall be recognized in the current profit and loss.

The fixed assets of the Company should be measured at the lower of the carrying amount and the recoverable amount at the end of the period. If the recoverable amount is lower than the carrying amount, the impairment provision of the fixed assets shall be calculated at the difference thereof. The impairment test method and the impairment provision calculation method of the fixed assets are set out in the Note IV. 16 "Impairment of long-term assets".

(3) Disposal of the fixed assets

The proceeds from sale, transfer, retirement or disposal of the fixed assets, net of their carrying amounts and the relevant taxes, are recognized in the non-operating income or Proceeds from disposal of assets.

9. Intangible assets

(1) Initial measurement of the intangible assets

The costs of the purchased intangible assets include the purchase price, the relevant taxes and other expenditures directly attributable to such assets before such assets are ready for their intended use.

Intangible assets from the investors. The costs of the intangible assets from the investors shall be determined at the amount as set out in the investment contracts or agreements. If the amount under the investment contracts or agreements is unfair, the initial costs shall be the fair value of the intangible assets.

The acquired land use rights are generally recognized as the intangible assets. As to the self-built plants and buildings, the relevant land use right expenditures and the construction costs of the buildings are recognized as the intangible assets and the fixed assets respectively. In case of acquired houses and buildings, then the relevant prices are allocated between the land use rights and the buildings. If it is hard to make allocation, all prices shall be recognized as the fixed assets.

(2) Subsequent measurement of the intangible assets

The amortized amounts of the intangible assets of limited useful life shall be systematically and reasonably amortized over the useful life in the anticipated realization manner of the economic benefits related to such intangible assets. If it is impossible to determine the anticipated realization manner, the intangible assets shall be amortized using the straight-line method.

The Company will test the intangible assets of indefinite useful life for impairment during each accounting period. If, upon impairment test, the intangible assets are impaired, then the corresponding impairment provisions shall be calculated.

(3) Disposal of the intangible assets

When the intangible assets are sold, the difference between the proceeds from sale and the carrying amounts of such intangible assets is recognized in the current profit and loss.

(4) Research and development expenditures

The Company's expenditures for the internal R&D projects are composed of the expenditures at the research stage and the expenditures at the development stage.

The expenditures at the research stage are recognized in the current profit and loss on accrual.

The expenditures at the development stage are recognized as the intangible assets when the following conditions are met. The expenditures at the development stage that are inconsistent with the following conditions are recognized in the current profit and loss:

Such intangible assets are completed, so that it is technologically feasible to use or sell such intangible assets;

The Company has intention to complete and use or sell such intangible assets;

The economic benefit generating mode of the intangible assets includes proving that the products made of such intangibles are marketable or the intangible assets have a market; if the intangible assets are used internally, the availability could be proved;

There are sufficient technological and financial resources and other resources to support development of such intangible assets, and the Company has ability to use or sell such intangible assets;

The expenditures of such intangible assets at the development stage can be measured reliably.

If the expenditures at the research stage and the expenditures at the development stage cannot be distinguished, the incurred R&D expenditures are recognized in the current profit and loss in full.

The impairment test method and the impairment provision calculation method of the intangible assets

The impairment test method and the impairment provision calculation method of the intangible assets are set out in the Note IV. 10 "Impairment of long-term assets".

10. Impairment of the long-term assets

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As to the fixed assets, the construction in process, the intangible assets of limited useful life, the investment real estate measured at cost, the long-term equity investments in the subsidiaries, joint venture and associated enterprises, and other non-current non-financial assets, the Company judges whether there is impairment sign on the balance sheet date. If there is impairment sign, then their recoverable amount is estimated, and the impairment test is performed. The goodwill, the intangible assets of indefinite useful life, and the intangible assets that have not been ready for intended use are tested for impairment every year whether there is impairment sign or not.

If the impairment test results indicate that the recoverable amount of the assets is lower than their carrying amounts, the impairment provision is calculated at the resulting difference, and the difference is recognized in the impairment loss. The recoverable amount is the higher of the fair value of an asset net of the disposal expenses, and the present value of the estimated future cash flows of such asset. The fair value of an asset is determined at the price under the sales agreement in the arm's length transaction; if there is no sales agreement but there is active market, the fair value is determined at the purchase price of the buyer of such assets; in absence of both the sales agreement and the active market, the fair value of the asset may be estimated based on the best available information. The disposal expenses include the legal costs, the relevant taxes and the handling costs related to disposal of the assets, and the direct expenses incurred before such asset is ready for its intended use. The present value of the estimated future cash flows of the assets is determined by discounting the estimated future cash flows of the assets in the process of continuous use and final disposal at the appropriate discount rate. The asset impairment provision is calculated and determined based on the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group in which such asset is incorporated is determined. The asset group is the minimum asset combination that can independently generate cash inflows.

In respect of the goodwill that is independently stated in the financial statements, at the time of impairment test, the carrying amount of the goodwill is amortized to the asset group or the asset group combination that benefits from the synergistic effect of the business merger. If the test results indicate that the recoverable amount of the asset group or the asset group combination to which the goodwill is amortized is lower than their carrying amount, then the corresponding impairment loss is recognized. The impairment loss amount firstly eliminates the carrying amount of the goodwill amortized to such asset group or the asset group combination, and then eliminates the carrying amounts of other assets in proportion to the carrying amounts of other assets than goodwill in the asset group or the asset group combination.

Once the aforesaid asset impairment losses are recognized, the recovered value shall not be reversed during the subsequent periods.

11. Employee remuneration

The employee remuneration mainly includes short-term remuneration, post-separation benefits, dismissal benefits and [other long-term employee benefits].

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The short-term remuneration mainly includes salary, bonus, allowances and subsidies, employee welfare expenses, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing provident fund, trade union dues and employee education funds, and non-monetary benefits. The Company recognizes the short-term remuneration payable during the accounting period when the employees offer services as liabilities, and records such remuneration in the current profit and loss or the costs of the relevant assets. The non-monetary benefits are measured at the fair value.

The post-separation benefits mainly include the basic pension insurance, the unemployment insurance and the annuity, etc. The post-separation benefit plans include the defined contribution plan. If the defined contribution plan is used, the corresponding payable amounts are recognized in the costs of the relevant assets or the current profit and loss on accrual. [The specific defined benefit plan of the Company is [described based on the actual situation]. The independent actuary engaged by the Company estimates the relevant demographic variable and financial variable using the expected accumulative benefit unit method under the unbiased and consistent actuarial assumptions, to measure the obligations arising from the defined benefit plan, and determine the period of the relevant obligations. On the balance sheet date, the Company presents the obligations arising from the defined benefit plan at the present value, and recognizes the current service costs in the current profit and loss.]

If the Company terminates the labor relationship with the employees before the labor contracts expire, or give compensations to the employees in order to encourage them to accept downsizing voluntarily, the employee remuneration liabilities incurred by dismissal benefits are recognized through profit or loss when the Company is unable to withdraw the dismissal benefits given for termination of the labor relationship or downsizing proposal unilaterally, or the Company recognizes the costs of the restructuring involving payment of the dismissal benefits, whichever is earlier. However, if it is anticipated that the dismissal benefits cannot be paid in full in 12 months at the end of the annual report period, such dismissal benefits are recognized as other long-term employee remunerations.

The employee internal retirement plan is subject to the same principles of the aforesaid dismissal benefits. The Company recognizes the salaries and the social insurance expenses for the internally retired personnel from the date when they stop providing services to the regular retirement date in the current profit and loss (dismissal benefits) when the recognition conditions of the estimated liabilities are met.

If other long-term employee benefits provided by the Company to the employees are consistent with the defined contribution plan, accounting is subject to the defined contribution plan. Otherwise, accounting is subject to the defined benefit plan.

12. Borrowing expenses

(1) Recognition principles of the borrowing expenses

Any borrowing expenses incurred by the Company that are directly attributable to acquisition, construction or production of qualifying assets are capitalized and added to the costs of those assets; other borrowing expenses are recognized as expenditures through profit or loss when they arise.

The qualifying assets refer to the fixed assets, investment real estate and inventories that are necessarily take a substantial period of time for acquisition, construction or production activities to get ready for their intended use or sale.

(2) Capitalization period of the borrowing expenses

① Commencement of capitalization: when the conditions are met, the interest on the special loans, amortization of the discount or premium and the exchange difference are capitalized: 1) The capital expenditures have been incurred; 2) The borrowing expenses have been incurred; and 3) The necessary acquisition and construction activities to get the assets ready for their intended use have been started.

② Suspension of capitalization: if the acquisition and construction activities of the fixed assets are abnormally interrupted, and the interruption exceeds 3 months or more, capitalization of the borrowing expenses is suspended, and is recognized as the current expenses, until the acquisition and construction activities of the assets are restarted.

③ Stopping of capitalization: when the acquired and constructed fixed assets are ready for their intended use, capitalization of the borrowing expenses is stopped.

(3) Determination of the capitalized amount of the loan interest

If the loans are especially used for acquisition, construction or production of the qualifying assets, the capitalized amount shall be determined at the actual interest expenses of the special loans, net of the interest income from deposit of the unused loans in the bank or the investment income from temporary investments of the loans.

If the general loans are used for acquisition, construction or production of the qualifying assets, the Company shall calculate and determine the interest amounts of the general loans that should be capitalized at the product of the excesses of the accumulated asset expenditures over the weighted asset expenditure means of the special loans multiplied by the capitalization rate of the general loans.

(4) Disposal of the foreign-currency loans

During the capitalization period, the exchange difference of the principal and interest of the special loans denominated in foreign currencies shall be capitalized. The exchange difference arising from the principal and interest of other foreign-currency loans than the special loans denominated in foreign currencies shall be recognized in the financial expenses through profit or loss.

13. Estimated liabilities

(1) Recognition principles

When the business related to external guarantee, pending proceeding or arbitration, product quality guarantee, downsizing plan, loss contract, restructuring obligations, fixed asset retirement obligations and other contingencies meets the following conditions, the Company recognizes it as liabilities:

① The obligations are the present obligations of the Company;

② Fulfillment of such obligation probably results in outflow of the economic benefits from the Company; and

③ The amount of such obligation can be measured reliably

(2) Measuring method

The estimated liabilities are initially measured at the best estimated amount of the necessary expenditures incurred for fulfillment of the relevant present obligations.

The best estimated amounts are subject to the following provisions:

① If the necessary expenditures have a continuous scope (or range), and the probability of various results in this range is the same, then, the best estimated amount is determined at the mean within this range, that is the average amount of the upper limit and the lower limit.

② If the necessary expenditures does not have a continuous scope (or range), or although there is a continuous range, but the probability of various results in this range is different, to the extent that the contingencies involve single item, then the best estimated amount is determined at the most possible amount; to the extent that the contingencies involve several items, then the best estimated amount is determined based on the possible results and the relevant probability.

14.Income

The Company recognizes the operating income, credits to the accounts at the realized income amount, and records in the current profit and loss according to the following provisions.

The operating income from sale of commodities are recognized when the Company has transferred the significant risks and rewards in the ownership of the commodities to the buyer; the Company does not exert continuous management power and actual control over such commodities; the relevant income has been received or the receipt has been obtained, and the costs related to sale of such commodities can be measured reliably.

In respect of labor services (excluding long-term contracts), ①if the labor services are started and completed in the same year, the income from the labor services is recognized when the labor services have been provided, and the consideration has been received or the receipt has been obtained; ②if the labor services are started and completed in different years, the income from the labor services is recognized using the completion percentage method when the total revenue of the labor contract and the completion progress of the labor services can be determined reliably; the price related to the transaction can be flowed into the Company, and the incurred costs and the possible expenses of the labor services can be measured reliably.

The income from transfer of the use right of the asset is recognized using the accrual method by taking into account the chargeable time under the relevant contracts and agreements.

The interest income is calculated and determined at the effective interest rate by taking into account the time of the Company's monetary capital spent by others.

15. Government subsidies

The government subsidies are the monetary assets or the non-monetary assets received by the Company from the governments at no cost, but exclude the capital invested by the governments in the capital of investor with entitlement for the corresponding owners' equity. The government subsidies are composed of the asset related government subsidies and the income related government subsidies.

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If the government subsidies are monetary assets, such subsidies are measured at the received or receivable amount. If the government subsidies are non-monetary assets, such subsidies are measured at fair value. If the fair value is non-reliable, the subsidies are measured at nominal amount. The government subsidies measured at nominal amount are directly recognized in current profit and loss.

The government subsidies related to assets are recognized as deferred income, and allocated through profit or loss at average over the useful life of the relevant assets. The income related government subsidies are subject to the following accounting as appropriate:

① The income-related government subsidies are recognized as deferred income if such subsidies are used for repaying the relevant expenses and losses during the subsequent periods, and recorded in current profit and loss during the period when the relevant expenses are recognized;

② If the income related government subsidies are used for repaying the relevant expenses and losses that have been incurred, such subsidies are directly recorded in current profit and loss.

The government subsidies related to both assets and income shall be subject to accounting respectively if such government subsidies could be distinguished. If it is hard to distinguish the asset related government subsidies and the income related government subsidies, such government subsidies are classified as the income related government subsidies as a whole.

The government subsidies related to the daily activities of the Company are included in other income or eliminate the relevant costs and expenses based on the substance of the economic business; the government subsidies irrelevant to the daily activities are included in the non-operating revenue and expenditures.

16. Accounting method of the corporate income tax

The method of balance sheet debt is used to calculate the enterprise income tax expenses. The temporary differences of taxable and deductible are determined according to the time differences of tax clubs. The permanent differences of tax clubs are included in the current income tax expenses.

Final settlement method: prepaid on a quarterly basis, and finally settled at the end of the year.

VI. Changes to Significant Accounting Policies and Accounting Estimates, and Correction of Significant Accounting Errors

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1. Changes to the accounting policies

During the reporting period, the Company does not involve any changes to the accounting policies.

2. Changes to accounting estimates

During this reporting period, the Company has not made any changes to the accounting estimates.

3. Significant accounting errors

During the reporting period, the Company has not engaged in correction of any significant accounting errors.

VI. Taxes

1. Main tax items and tax rate:

Tax item	Tax rate
VAT	6%
Urban construction tax	7%
Educational surtax	3%
Local educational surtax	2%
Corporate income tax	25%
Individual income tax	---

Tax preferences policy

The company does not enjoy the relevant tax preferential policies.

VII. Notes on Major Items of Accounting Statements

1. Monetary capital

Item	Year-closing balance	Year-opening balance
Cash	27, 423. 99	25, 649. 28
Cash in bank	1, 513, 701. 78	1, 929, 870. 39
Other monetary capital	0. 00	1, 000, 000. 00
Total	1, 541, 125. 77	2, 955, 519. 67

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2. Accounts receivable

Item	Year-closing balance	Year-opening balance
Account receivable balance	180, 245. 42	175, 993. 44
Bad debt provision	0. 00	0. 00
Net accounts receivable	180, 245. 42	175, 993. 44

（1）Classification of accounts receivable

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	180, 245. 42	100. 00%	0. 00	0. 00%	180, 245. 42
Among them: aging combination	180, 245. 42	100. 00%	0. 00	0. 00%	180, 245. 42
Accounts receivable with insignificant single amount but with separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Total	180, 245. 42	100. 00%	0. 00	0. 00%	180, 245. 42

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Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	175, 993. 44	100. 00%	0. 00	0. 00%	175, 993. 44
Among them: aging combination	175, 993. 44	100. 00%	0. 00	0. 00%	175, 993. 44
Accounts receivable with insignificant single amount but with separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Total	175, 993. 44	100. 00%	0. 00	0. 00%	175, 993. 44

(2) Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	4, 251. 98	2. 36%	0. 00	73, 500. 44	41. 76%	0. 00
1-2 years	73, 500. 44	40. 78%	0. 00	102, 493. 00	58. 24%	0. 00

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2-3 years	102, 493. 00	56. 86%	0. 00	0. 00	0. 00%	0. 00
Total	180, 245. 42	100. 00%	0. 00	175, 993. 44	100. 00%	0. 00

3. Prepayments

（1）Aging analysis

Aging	Year-closing balance		Year-opening balance	
	Amount	Bad debt reserves	Amount	Bad debt reserves
Within 1 year	91, 518. 36	100. 00%	91, 082. 33	100. 00%
Total	91, 518. 36	100. 00%	91, 082. 33	100. 00%

4. Other receivables

Item	Year-closing balance	Year-opening balance
Interest receivable	0. 00	0. 00
Dividends receivable	0. 00	0. 00
Other receivables	284, 091. 30	486, 042. 68
Total	284, 091. 30	486, 042. 68

Other receivables

(1) Classification of Other receivables

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00

Item	Year-closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	284, 091. 30	100. 00%	0. 00	0. 00%	284, 091. 30
Among them: aging combination	194, 091. 3	81. 48%	0. 00	0. 00%	194, 091. 3
Related party loans	90, 000. 00	18. 52%	0. 00	0. 00%	90, 000. 00
Combination of deposit and guarantee amount	0. 00	0. 00%	0. 00	0. 00%	0. 00
Accounts receivable with insignificant single amount but with separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Total	284, 091. 30	100. 00%	0. 00	0. 00%	284, 091. 30

Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
Accounts receivable with significant single amount and separate provision for bad	0. 00	0. 00%	0. 00	0. 00%	0. 00

Item	Year-opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage	Amount	Percentage	
debts					
Accounts receivable with provision for bad debts according to the combination of credit risk characteristics	486, 042. 68	100. 00%	0. 00	0. 00%	486, 042. 68
Among them: aging combination	396, 042. 68	81. 48%	0. 00	0. 00%	396, 042. 68
Related party loans	90, 000. 00	18. 52%	0. 00	0. 00%	90, 000. 00
Combination of deposit and guarantee amount	0. 00	0. 00%	0. 00	0. 00%	0. 00
Accounts receivable with insignificant single amount but with separate provision for bad debts	0. 00	0. 00%	0. 00	0. 00%	0. 00
Total	486, 042. 68	100. 00%	0. 00	0. 00%	486, 042. 68

(2) Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	194, 091. 3	68. 32%	0. 00	486, 042. 68	100. 00%	0. 00
1-2 years	90, 000. 00	31. 68%	0. 00	0. 00	0. 00	0. 00

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Total	284, 091. 30	100. 00%	0. 00	486, 042. 68	100. 00%	0. 00

(3) Classification of other receivables by nature

Item	Year-closing balance	Year-opening balance
Current payment	284, 091. 30	486, 042. 68
Deposit margin	0. 00	0. 00
Total	284, 091. 30	486, 042. 68
Bad debt provision	0. 00	0. 00
Net bal of Other receivable	284, 091. 30	486, 042. 68

5. Other current assets

Item	Year-closing balance	Year-opening balance
Income tax to be returned	0. 00	0. 00
Overpaid VAT	194, 524. 05	140, 752. 70
Total	194, 524. 05	140, 752. 70

6. Long-term equity investments

Item	Shareholding percentage	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
ATC Travel Services (Beijing) Ltd.	70.00%	210,000.00	0.00	0.00	210,000.00
Total	---	210,000.00	0.00	0.00	210,000.00

7. Fixed assets

Type	Year-closing balance	Year-opening balance
Fixed assets	26, 946. 25	59, 915. 46

Fixed assets cleaning	0. 00	0. 00
Total	26, 946. 25	59, 915. 46

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Original value of fixed assets	---	---	---	---
Office furniture	34, 251. 00	0. 00	0. 00	34, 251. 00
Electronic equipment	307, 102. 79	0. 00	0. 00	307, 102. 79
Total	341, 353. 79	0. 00	0. 00	341, 353. 79
Accumulated depreciation	---	---	---	---
Office furniture	34, 251. 00	0. 00	0. 00	34, 251. 00
Electronic equipment	247, 187. 33	32, 969. 21	0. 00	280, 156. 54
Total	281, 438. 33	32, 969. 21	0. 00	314, 407. 54
Net value	59, 915. 46	---	---	26, 946. 25

8. Intangible assets

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Original value of intangible assets	---	---	---	---
Software	376, 463. 39	0. 00	0. 00	376, 463. 39
Total	376, 463. 39	0. 00	0. 00	376, 463. 39
Accumulated amortization	---	---	---	---

Software	206, 571. 82	73, 321. 72	0. 00	279, 893. 54
Total	206, 571. 82	73, 321. 72	0. 00	279, 893. 54
Net value	169, 891. 57	---	---	96, 569. 85

9. short-term loan

类 别	Year-closing balance	Year-opening balance
short-term loan	2, 289, 240. 00	0. 00
Total	2, 289, 240. 00	0. 00

10. Accounts payable

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Accounts payable-related parties	144, 921. 90	91. 49%	34, 837. 40	49. 30%
Accounts Payable-Third Party	13, 478. 50	8. 51%	35, 823. 82	50. 70%
Total	158, 400. 40	100. 00%	70, 661. 22	100. 00%

11. Advance collections

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Advance payment-tour group service fee	456, 037. 85	100. 00%	598, 861. 44	100. 00%
Total	456, 037. 85	100. 00%	598, 861. 44	100. 00%

12. Payroll payable

Item	Year-opening balance	Year-closing balance
Wages Payable	98,169.80	103,911.20
Total	98,169.80	103,911.20

13. Taxes and dues payable

Item	Year-closing balance	Year-opening balance
Individual income tax	4,101.53	503.52
Total	4,101.53	503.52

14. Other payables

Item	Year-closing balance	Year-opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Other payables	601,722.00	981,530.89
Total	601,722.00	981,530.89

Other payables

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	601,722.00	100.00%	981,530.89	100.00%
Total	601,722.00	100.00%	981,530.89	100.00%

15. Paid-in capital (or equity capital)

Name of shareholder	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
ASIAN TRAILS HOLDING LTD.	4,000,000.00	0.00	0.00	4,000,000.00

北京东审会计师事务所(特殊普通合伙)

Total	4,000,000.00	0.00	0.00	4,000,000.00

16. Capital reserves

Item	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Capital reserves	1,606.36	0.00	0.00	1,606.36
Total	1,606.36	0.00	0.00	1,606.36

17. Surplus reserves

Type	Year-opening balance	Increase of this period	Decrease of this period	Year-closing balance
Surplus reserves	248,500.50	0.00	0.00	248,500.50
Total	248,500.50	0.00	0.00	248,500.50

18. Undistributed profits

Item	Year-closing balance
Opening undistributed profits	-1,710,635.88
Plus: adjustment to the opening undistributed profits	0.00
Opening undistributed profits after adjustment	-1,710,635.88
Plus: net profits of this period	-3,527,862.96
Less: withdrawal of statutory surplus reserves	
Withdrawal of discretionary surplus reserves	
Dividends payable for ordinary shares	
Conversion of ordinary share dividends into capital stock	
Closing undistributed profits	-5,238,498.84

19. Operating income and operating costs

Item	Accrual of this year		Accrual of previous year	
	Income	Cost	Income	Cost
Principal activities	133, 899. 14	102, 445. 03	2, 007, 091. 77	160, 976. 45
Total	133, 899. 14	102, 445. 03	2, 007, 091. 77	160, 976. 45

20. Taxes and additional

Item	Accrual of this year	Accrual of previous year
Taxes and additional	334. 79	5, 756. 03
Total	334. 79	5, 756. 03

21. Sales costs

Item	Accrual of this year	Accrual of previous year
Sales costs	79, 785. 12	115, 498. 02
Total	79, 785. 12	115, 498. 02

22. Administrative costs

Item	Accrual of this year	Accrual of previous year
Administrative costs	3, 523, 416. 33	5, 498, 206. 93
Total	3, 523, 416. 33	5, 498, 206. 93

23. Financial Expenses

Item	Accrual of this year	Accrual of previous year
Interest expenditures	34, 448. 29	0. 00
Less: interest income	74, 512. 21	70, 048. 41
Exchange losses	0. 00	25, 277. 70
Less: exchange gains	8, 894. 06	0. 00

Handling charges	4, 738. 81	13, 807. 56
Total	-44, 219. 17	-30, 963. 15

24. Non-operating income

Item	Accrual of this year	Accrual of previous year
Subsidy	0. 00	445, 242. 24
Total	0. 00	445, 242. 24

VIII. Supplementary Information of the Cash Flow Statements

Supplementary information	Amount of this year	Amount of previous year
1.Convert net profits into cash flows of operating activities:		
Net profits	-3, 527, 862. 96	-3, 297, 140. 27
Plus: asset impairment provision	0. 00	0. 00
Depreciation of fixed assets, oil and gas assets and productive biological assets	32, 969. 21	24, 266. 46
Amortization of intangible assets	73, 321. 72	206, 571. 82
Amortization of long-term deferred expenses	0. 00	0. 00
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	0. 00	0. 00
Losses from retirement of fixed assets (gains indicated with "-")	0. 00	0. 00
Losses from change in fair value (gains indicated with "-")	0. 00	0. 00
Financial expenses (gains indicated with "-")	0. 00	25, 277. 70
Investment losses (income indicated with "-")	0. 00	0. 00
Decrease in deferred income tax assets (increase indicated with "-")	0. 00	0. 00
Increase in deferred income tax liabilities (decrease	0. 00	0. 00

北京东审会计师事务所（特殊普通合伙）

Supplementary information	Amount of this year	Amount of previous year
indicated with "-")		
Decrease in inventories (increase indicated with "-")	0. 00	0. 00
Decrease in operating accounts receivable (increase indicated with "-")	143, 492. 02	5, 397, 281. 67
Increase in operating accounts payable (decrease indicated with "-")	-425, 553. 89	-7, 524, 948. 94
Others	0. 00	0. 00
Net cash flows from operating activities	-3, 703, 633. 90	-5, 168, 691. 56
2.Investment and financing activities without cash receipts and payments:		
Conversion of debts into capital	0. 00	0. 00
Convertible bonds due within one year	0. 00	0. 00
Fixed assets under financing lease	0. 00	0. 00
3.Net increase in cash and cash equivalents		
Closing balance of cash	1, 541, 125. 77	2, 955, 519. 67
Less: opening balance of cash	2, 955, 519. 67	8, 506, 396. 92
Plus: closing balance of cash equivalents	0. 00	0. 00
Less: opening balance of cash equivalents	0. 00	0. 00
Net increase in cash and cash equivalents	-1, 414, 393. 90	-5, 550, 877. 25

IX. Related Parties and Related Party Transactions

(I) Related parties

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
ASIAN TRAILS HOLDING LTD.	100.00%	100.00%

北京东审会计师事务所（特殊普通合伙）

2. Subsidiaries of the Company

Name of subsidiary	Total shareholding percentage of the Company	Aggregate voting power percentage of the Company
Atrails Travel Services (Beijing) Co., Ltd.	70.00%	70.00%

3. Related parties without control relationship

Name of Company	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
Zhang Xiaolin	Corporate

X. Contingencies

As of December 31, 2021, the Company has not involved in any pending litigations, external guarantee and other contingencies that shall be disclosed.

XI. Commitments

As of December 31, 2021, the Company has not made any commitments that shall be disclosed.

XII. Non-adjustment Events after the Balance Sheet Date

As of January 18, 2022, the Company has not engaged in any matters that shall be disclosed after the balance sheet date.

XIII. Other Important Matters

As of January 18, 2022, the Company has not engaged in any other important matters that shall be disclosed.

北京东审会计师事务所（特殊普通合伙）

XIV. Approval for Publishing of the Accounting Statements

The accounting statements have been approved to be published by the Company's Board of Directors (Board of Shareholders) on J January 18, 2022.

ASIAN Trails International Travel Services (Beijing) Ltd.

北京东审会计师事务所（特殊普通合伙）

January 18, 2022

姓　　名　曹凡
Full name
性　　别
Sex
出生日期
Date of birth
工作单位
Working unit
身份证号码
Identity card No.

北京东审会计师事务所(特殊普通合伙) 1101061047620

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

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姓名：曹凡
证书编号：110004910004

证书编号：
No. of Certificate
110004910004

批准注册协会：
Authorized Institute of CPAs 北京注册会计师协会

发证日期：　　年　　月　　日
Date of Issuance　/y　/m　/d
二〇一一　七　五

4

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

CPA任职资格检查合格
BICPA
2012

年　月　日
/y　/m　/d

5

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
2020年 11 月 13 日
/y　/m　/d

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CPAs

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Stamp of the transfer-in Institute of CPAs
2020年 11 月 13 日
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10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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年　月　日
/y　/m　/d

11

姓　　名 Full name	周国霞
性　　别 Sex	女
出生日期 Date of birth	1983-09-29
工作单位 Working unit	北京[illegible]会计师事务所（普通合伙）
身份证号码 Identity card No.	[illegible]19830929[illegible]

北京东审会计师事务所（特殊普通合伙）
110106104762011

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发证日期：
Date of Issuance
2015 年 /y 02 月 /m 13 日 /d

4

CPA任职资格检查合格 BICPA 2016

CPA任职资格检查合格 BICPA 2017

姓名：周国霞
证书编号：110003950021

年 /y 月 /m 日 /d

5

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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CPAs

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2019 年 /y 8 月 /m 12 日 /d

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CPAs

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2019 年 /y 8 月 /m 12 日 /d

10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
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事务所 东审所
CPAs

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Stamp of the transfer-out Institute of CPAs
2020 年 /y 11 月 /m 13 日 /d

同意调入
Agree the holder to be transferred to

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CPAs

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2020 年 /y 11 月 /m 13 日 /d

11

会 计 师 事 务 所

执业证书

名　　　称：北京东审会计师事务所（特殊普通合伙）

首席合伙人：李丽

主任会计师：

经 营 场 所：北京市东城区崇文门外大街7、9号1幢11层11-1

组 织 形 式：普通合伙

执业证书编号：11000395

批准执业文号：京财会[2005]1668号

批准执业日期：2005年10月11日

证书序号：0014621

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一六年　月　日

中华人民共和国财政部制

营业执照

（副　本）（2—1）

统一社会信用代码

91110102781700826T

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　北京东审会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　李丽

经营范围　审计企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关的报告；基本建设年度决算审计；代理记帐；会计咨询、税务咨询、管理咨询、财务会计培训；法律、法规规定的其它业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2005年10月17日

合伙期限　2005年10月17日至　长期

主要经营场所　北京市东城区崇文门外大街7、9号1幢11层11—1

北京东审会计师事务所（特殊普通合伙）1101061047620

仅供审计报告使用

登记机关　北京市东城区市场监督管理局

2021年　10月　28日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

AT LAO COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

AT LAO COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS **PAGE(S)**

AT LAO COMPANY LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2021
STATEMENT BY THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible for preparing financial statements of AT Lao Company Limited ("the Company") for each financial year 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 are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- maintain adequate accounting records and an effective system of internal controls;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations for the foreseeable future; and
- effectively control and direct the Company and be involved in all material decisions affecting the operations and performance of the Company and ascertain that such decisions have been properly reflected in the financial statements.

The Board of Directors are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the accounting records comply with the principal accounting policies set out in Note 2 to the financial statements. It is also responsible for safeguarding the assets of the Company and thus for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements for the year ended 31 December 2021 which have been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 to the financial statements.

On behalf of the Board of Directors:

Mrs. Phouangsy Phommixay
Ad-Interim General Manager
Date: 28 March 2022

PSL

PSL Accounting and Audit Services Co.,Ltd
ບໍລິສັດ ພີເອັສແອວ ທີ່ປຶກສາບັນຊີ - ກວດສອບ ແລະ ການຄ້າ ຈໍາກັດ
ໂທ: 021 413284 / 030 5267212, ມືຖື: 020 22889994

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of AT Lao Company Limited (the Company), which comprises the statement of financial position and statement of income for the year ended and as at 31 December 2021 and a summary of significant accounting policies and other explanatory information together the financial statements. The financial statements have been prepared by management of the Company in accordance with the accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies 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.

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 of 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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 involves evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the Directors, 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 accompanying financial statements are prepared, in all material respect, in accordance with the basis as described in Company's accounting policy.

For PSL Accounting and Audit Services Co., Ltd

By Phoutpaserth Luanglath
Director
Vientiane, Lao PDR
Date: 28 March 2022

AT LAO COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 USD	31 December 2020 USD
ASSETS			
Current assets			
Cash and cash equivalents	3	14,383	130,872
Trade accounts receivable	4	-	738
Other current assets	5	35,372	44,238
Total current assets		**49,755**	**175,848**
Non-current assets			
Property and equipment, net	6	1,818	5,529
Intangible assets, net	7	-	-
Total non-current assets		**1,818**	**5,529**
Total assets		**51,573**	**181,377**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and other payables	8	28,408	38,896
Short-term borrowings	12	250,000	100,000
Intercompany payable	8	-	61,185
Other current liabilities	9	140,527	204,875
Total current liabilities		**418,935**	**404,956**
Non-current liabilities			
Long-term borrowings, net		-	-
Total non-current liabilities		-	-
Total liabilities		**418,935**	**404,956**
Shareholders' equity			
Share capital	10	200,000	200,000
Deficits		(567,362)	(423,579)
Total shareholders' equity		**(367,362)**	**(223,579)**
Total equity and liabilities		**51,573**	**181,377**

Mrs. Phouangsy Phommixay
Ad-Interim General Manager
Date: 28 March 2022

The accompanying notes on pages 6 to 14 form an integral part of these financial statements.

AT LAO COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 USD	31 December 2020 USD
Revenue from sales and services			
Touring revenues		588	562,134
		588	**562,134**
Cost of sale and services			
Cost of services		(35,738)	(521,301)
		(35,738)	**(521,301)**
Gross profit		**(35,150)**	**40,833**
Other income and expense			
Operating expenses		(3,536)	(12,095)
Depreciation and amortisation expense		(3,712)	(25,424)
Financial Income		176	1,237
Other operating expenses		(101,177)	(134,223)
Other Expense		(1,115)	1,620
Gain on exchange rate		730	2,248
Loss before income tax		**(143,784)**	**(125,804)**
Income tax expense	11	-	(5,500)
Loss for the year		**(143,784)**	**(131,304)**

Mrs. Phouangsy Phommixay
Ad-Interim General Manager
Date: 28 March 2022

The accompanying notes on pages 6 to 14 form an integral part of these financial statements.

AT LAO COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

		Issued share capital USD	Deficits USD	Total USD
	(Note 12)			
Balance at 1 January 2021		200,000	(423,578)	(223,578)
Loss for the year		-	(143,784)	(143,784)
Balance at 31 December 2021		**200,000**	**(567,362)**	**(367,362)**
Balance at 1 January 2020		200,000	(292,275)	(92,275)
Loss for the year		-	(131,304)	(131,304)
Balance at 31 December 2020		**200,000**	**(423,579)**	**(223,579)**

Mrs. Phouangsy Phommixay
Ad-Interim General Manager
Date: 28 March 2022

The accompanying notes on pages 6 to 14 form an integral part of these financial statements

AT LAO COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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

In September 2006, Asian Trails changed business partnership from Say Nam Houng to Green Discovery and ran its business under the name of Green Discovery. Green Discovery obtained successfully an application for a joint venture business.

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 Tour Operator with Foreign Investment License dated 23 February 2007 issued by the Ministry of Planning and Investment, Business License No. 0701 dated 01 August 2018 (newly updated since the office location was changed) issued by the Ministry of Industry and Commerce, and Business Operation License (tour company) No. 83 dated 27 13 December 2017 issued by the Municipal Department of Information, Culture and Tourism, Ministry of Information, Culture and Tourism, Laos.

The Company's principle activities are sales of inbound tour packages and provide air tickets to tour groups who come to Laos.

The address of its registered office is Simeuang Village, Simeuang Road, Sisattanark District, Vientiane Capital, Lao P.D.R.

The financial statements were prepared under the responsibility of the Board of Directors and Managing Director and were authorised for issue by the Board of Directors on 15 January 2021 as below:

1. Mr. Lersan	Misitsankul (LM)	Director, appointed by ATH
2. Mr. Laurent	Kuenzle (LK)	Director, appointed by ATH
3. Mr. Inthy	Deuansavan (ID)	Director (proxy to LK)

2. Significant accounting policies

(a) Basis of preparation

The financial statements, prepared in US Dollars ("USD") have been prepared under the historical cost convention drawn up in accordance with accounting policies prescribed in the related Note 2 of these financial statements.

The accounting principles applied may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The accompanying financial statements are therefore not intended to present the financial position, financial performance in accordance with jurisdictions other than the Lao PDR. Consequently, these financial statements are only addressed to those who are informed about the Company's accounting policies.

2. Significant accounting policies (continued)

The preparation of the financial statements in conformity with the Company's accounting policy requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

(b) Foreign currency translation

Items included in the financial statements are measured using US Dollars ("USD"). USD is the currency as widely used by the Company.

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into USD at the exchange rates prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

(d) Trade accounts receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the income statement within operating expense.

2. Significant accounting policies (continued)

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset, to its residual value over the estimated useful life as follows;

The annual rates used for this purpose by category of assets are:

	Years
Installation	10
Furniture	5
PC, Screens, office equipment	4
Vehicles	5

Where the carrying amount of assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovation is included in the carrying amount of the assets when it is possible that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the entity. Major renovations are depreciated over the remaining useful life of the related asset.

Gain and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating profit.

(f) Intangible asset

Intangible asset represents the right to use the former Accounting software over the period of 5 years. Right is stated at cost less accumulated amortisation which is amortised using the straight-line basis over its useful lives of 5 years.

2. Significant accounting policies (continued)

(g) Revenue recognition

Revenue is recognised when significant risk and rewards of ownership of the goods or services are transferred to the buyer, which is generally at the time when goods are dispatched or services are rendered to the customer and invoices are issued.

Touring service

Revenue from Touring services are recognised when services have been rendered which generally at delivery acceptance and invoicing.

Other revenues

Other revenues are recognised when services have been rendered which generally at delivery acceptance.

(h) Taxation

The Company does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax expenses for the year are determined on the basis of the profits of the Company calculated under Lao tax accounting rules.

The Company's tax returns are subject to periodic examination by the tax authorities. Because the application of tax laws and regulations, many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

2. Significant accounting policies (continued)

(i) Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company.

(j) Dividends

Dividends are recorded in the company's financial statements in the period in which they are approved by the shareholders.

(k) Comparatives

The comparative information has been reclassified where appropriate to enhance comparability.

3. Cash and cash equivalents

	31 December 2021 USD	31 December 2020 USD
Cash on hand	2,351	3,372
Cash at bank - current accounts	5,491	85,584
Cash at bank - saving accounts	6,541	41,916
Total	**14,383**	**130,872**

Cash at bank - saving accounts are deposits at local banks with interest rate of 0.90% per annum for USD currency.

4. Trade accounts receivable

	31 December 2021 USD	31 December 2020 USD
Account receivable - TIC	-	450
Account receivable - Third	-	288
Total	**-**	**738**

Aging analysis of trade accounts receivable is as below:

	31 December 2021 USD	31 December 2020 USD
Up to 30 days	-	450
31 to 60 days	-	-
Over 90 days	-	288
Total	**-**	**738**

5. Other current assets

	31 December 2021 USD	31 December 2020 USD
Advances to the related parties	25,243	25,517
Prepaid expenses	10,129	18,721
Total	**35,372**	**44,238**

6. Property and equipment, net

	Installation	Furniture	PC, Screens, office equipment	Vehicles	To
	USD	USD	USD	USD	U
Year ended 31 December 2021					
As at 31 Dec 2020	-	16,181	62,379	135,981	214,
Additions	-	-	342	-	3
Disposal	-	(55)	(919)	(724)	(1,6
Written off	-	-	-	-	
As at 31 Dec 2021	-	**16,126**	**61,802**	**135,257**	**213,1**
Accumulated Depreciation					
As at 31 Dec 2020	-	14,801	59,891	109,238	183,
Charge for the year	-	643	1,187	25,608	27,
Disposal	-	-	-	-	
As at 31 Dec 2021	-	**15,444**	**61,078**	**134,846**	**211,**
As at 31 December 2020, net	-	1,373	1,305	2,851	5,
As at 31 December 2021, net	-	**682**	**724**	**412**	**1,**

* **Depreciation -Property and equipment as at 31 December 2020**	**25,**
* **Depreciation -Property and equipment as at 31 December 2021**	**27,**

7. Intangible assets, net

	Program software	Total
	USD	USD
Year ended 31 December 2021		
As at 31 Dec 2020		
Additions		
Disposal		
Written off		
As at 31 December 2021	-	-
Accumulated Depreciation		
As at 31 Dec 2020	-	-
Charge for the year		
As at 31 Dec 2021	-	-
As at 31 December 2020, net	-	-
As at 31 December 2021, net	-	-

* **Amortisation-Intangible assets as at 31 December 2020**	-
* **Amortisation-Intangible asset as at 31 December 2021**	-

8. Trade payables and other payables

	31 December 2021	31 December 2020
	USD	USD
Trade payables – Third party	(28,408)	38,896
Trade payables – TIC		61,185
	(28,408)	**100,081**

9. Other current liabilities

	31 December 2021 USD	31 December 2020 USD
Accrued cost of sales	52,438	84,994
Accrued tax	10,291	11,469
Other liabilities	305	20,305
Other accruals	77,493	88,107
	140,527	**204,875**

As at 31 December 2021, accrued cost of sales mainly represented to the accrual for operating supplier.

Other accruals mainly represent the Staff bonus for Fiscal Year 2021, Prepayments received from Agents, Sale commission, Audit Fee and Others.

10. Share capital

	31 December 2021 USD	31 December 2020 USD
Share Capital	200,000	200,000
Total	**200,000**	**200,000**

11. Income tax expense

The Income tax expense for the year ended 31 December 2021 was nil.

12. Borrowing

	31 December 2021 USD	31 December 2020 USD
Borrowings from shareholder		
Borrowing	250,000	100,000
Total	**250,000**	**100,000**

The Company has borrowed from Head Quarter which has no timeline on repayment schedule, then it has been considered as Short-term borrowings.

CP

ASIAN TRAILS (M) SDN. BHD.

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31ST DECEMBER 2021

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ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

FINANCIAL STATEMENTS
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ASIAN TRAILS (M) SDN. BHD.

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CORPORATE INFORMATION

DIRECTORS	Lersan Misitsakul Laurent Kunzle Emir Cherif Marcel Jordi Grifoll
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.

Incorporated in Malaysia

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31st December 2021.

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
Loss for the financial year	(3,444,628)

DIVIDENDS

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

The Company has not issued any new shares or debentures 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 IN OFFICE

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

Lersan Misitsakul
Laurent Kunzle
Emir Cherif
Marcel Jordi Grifoll

In accordance with the Company's Constitution, Mr. Lersan Misitsakul retires by rotation, and being eligible, offers himself for re-election.

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:

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

b) any deemed benefits which may arise from the related party transactions as disclosed in Note 17 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.

DIRECTORS' INTEREST

None of the 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.

OTHER STATUTORY INFORMATION

Before the financial statements 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 values.

OTHER STATUTORY INFORMATION (cont'd)

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.

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.

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.

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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC

On 15th June 2021, the Malaysian government announced the National Recovery Plan ("NRP") as an exit strategy to assist Malaysia in recovering from the pandemic and is currently implementing the National COVID-19 Immunisation Programme ("PICK"). Although the Malaysian economy is on the road to recovery from COVID-19, the recovery from the impact of COVID-19 pandemic may take longer time, thus at this juncture, the risks remain from the on-going COVID-19 pandemic.

The COVID-19 has caused an unprecedented crisis for the travel and tourism industry which impacted the business operations of the Company particularly on the Company's revenue due to the implementation of travel and other restrictions locally and globally. The Company has performed assessments of the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

The degree of the impact depends on the situation of the pandemic preventive measures and the duration of the pandemic. The Company will continue to monitor the development of COVID-19 situation closely and implement proactive measures to control costs, capital expenditure and streamline its operations to mitigate the consequences of COVID-19.

The Company has obtained continuous financial support from its immediate holding company, Asian Trails Holding Ltd to continue its business as a going-concern. At this juncture, the management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country.

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ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

DIRECTORS' REPORT (Cont'd)

AUDITORS
Auditors' remuneration is set out in Note 14 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

Dated: 22 FEB 2022

Kuala Lumpur

Registration No.
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ASIAN TRAILS (M) SDN. BHD.
Incorporated in Malaysia

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

The Directors of **ASIAN TRAILS (M) SDN. BHD.** state that, in the opinion of the Directors, the financial statements are set out on pages 13 to 67 are drawn up in accordance with 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 31st December 2021 and of its financial performance 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

Dated: 22 FEB 2022

Kuala Lumpur

Registration No.
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ASIAN TRAILS (M) SDN. BHD.

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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 67 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 day of) ....
22 FEB 2022) **EMIR CHERIF**

Before me

PESURUHJAYA SUMPAH
W607
GURDEEP SINGH
A/L JAG SINGH
01/01/2022-15/03/2022
MALAYSIA

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

....
Commissioner for Oaths

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.

Registration No. 200001012196 (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 31st December 2021, 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 67.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2021, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements which disclosed the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss of RM3,444,628 during the financial year ended 31st December 2021, and as at that date, the Company's current liabilities exceeded its current assets by RM1,910,864 and capital deficiency of RM5,402,785, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The outbreak of coronavirus disease 2019 ("COVID-19") and the Movement Control Order ("MCO") imposed by the Government is likely to adversely affect the Company's cash flows. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

ASIAN TRAILS (M) SDN. BHD.
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(Cont'd)

The preparation of the financial statements of the Company on a going concern basis is dependent upon the continuous financial support from its immediate holding company.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

ASIAN TRAILS (M) SDN. BHD.
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(Cont'd)

- 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.

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.	**Chong Ton Nen @ Peter Chong**
No. AF 0165	No. 00394/03/2022 J
Chartered Accountants	Chartered Accountant

Dated: 2 2 FEB 2022

Kuala Lumpur

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	331,767	502,620
Right-of-use asset	6	385,654	51,396
Total non-current assets		717,421	554,016
Current assets			
Receivables	7	613,391	626,287
Cash and bank balances		622,892	662,777
Total current assets		1,236,283	1,289,064
TOTAL ASSETS		1,953,704	1,843,080
EQUITY AND LIABILITIES			
Equity attributable to owner of the Company			
Share capital	8	5,500,000	5,500,000
Accumulated losses		(10,902,785)	(7,458,157)
Total equity		(5,402,785)	(1,958,157)
Non-current liabilities			
Payables	9	3,957,700	-
Lease liability	10	251,642	-
Total non-current liabilities		4,209,342	-
Current liabilities			
Payables	9	2,995,990	3,740,840
Lease liability	10	151,157	60,397
Total current liabilities		3,147,147	3,801,237
Total liabilities		7,356,489	3,801,237
TOTAL EQUITY AND LIABILITIES		1,953,704	1,843,080

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

	Note	2021 RM	2020 RM
REVENUE	12	160,700	6,766,462
COST OF SALES	13		
- Current year		131,962	5,092,863
- Over provision in prior year		(140,210)	(242,271)
		8,248	(4,850,592)
GROSS PROFIT		168,948	1,915,870
OTHER OPERATING INCOME		99,439	232,313
MARKETING COSTS		(54,560)	(141,587)
ADMINISTRATIVE EXPENSES		(3,545,213)	(5,019,452)
LOSS FROM OPERATIONS	14	(3,331,386)	(3,012,856)
FINANCE COSTS	15	(113,242)	(5,244)
LOSS BEFORE TAXATION		(3,444,628)	(3,018,100)
TAXATION	11	-	58,903
LOSS FOR THE FINANCIAL YEAR		(3,444,628)	(2,959,197)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	-
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNER OF COMPANY		(3,444,628)	(2,959,197)

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

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

	Attributable to owner of the Company		
	Share capital RM	**Accumulated losses RM**	**Total RM**
As at 1st January 2020	5,500,000	(4,498,960)	1,001,040
Total comprehensive loss	-	(2,959,197)	(2,959,197)
As at 31st December 2020/ 1st January 2021	5,500,000	(7,458,157)	(1,958,157)
Total comprehensive loss	-	(3,444,628)	(3,444,628)
As at 31st December 2021	5,500,000	(10,902,785)	(5,402,785)

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

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

	Note	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(3,444,628)	(3,018,100)
Adjustments for:-			
Bad debts written off		-	113,271
Deposit written off		19,880	-
Depreciation of property, plant and equipment		172,762	206,609
Depreciation of right-of-use asset		116,314	131,819
Interest expenses		113,242	5,244
Unrealised loss on foreign exchange		48,872	63,482
Operating loss before working capital changes		(2,973,558)	(2,497,675)
Receivables		(19,095)	2,727,977
Payables		3,145,607	(1,555,400)
Cash generated from/ (used in) operations		152,954	(1,325,098)
Tax paid	11	-	(52,097)
Repayment of interest on lease liability		(10,390)	(5,244)
Net cash generated from/ (used in) operating activities		142,564	(1,382,439)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment		(1,909)	(1,591)
Net cash used in investing activity		(1,909)	(1,591)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(102,852)	-
Payments for the principal portion of lease liability		(108,170)	(127,732)
Net cash used in financing activities		(211,022)	(127,732)

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021 (Cont'd)

	Note	2021 RM	2020 RM
NET DECREASE IN CASH AND CASH EQUIVALENTS		(70,367)	(1,511,762)
Effect of exchange rate changes on cash and cash equivalents		30,482	13,363
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		662,777	2,161,176
CASH AND CASH EQUIVALENTS CARRIED FORWARD	16	622,892	662,777

The reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities is as follows:

	Lease liability (Note 10)	
	2021 RM	2020 RM
As at 1st January	60,397	251,641
Non-cash changes	450,572	(63,512)
Cash flows	(108,170)	(127,732)
As at 31st December	402,799	60,397

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	2021 RM	2020 RM
Included in net cash from operating activities:			
- Interest paid in relation to lease liabilities		10,390	5,244
Included in net cash from financing activities:			
- Payment of lease liabilities	10	108,170	127,732
Total cash outflows for lease		118,560	132,976

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

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 22 FEB 2022

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 ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

During the financial year, the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a loss of RM3,444,628 during the financial year ended 31st December 2021, and as at that date, the Company's current liabilities exceeded its current assets by RM1,910,864 and capital deficiency of RM5,402,785, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The outbreak of coronavirus disease 2019 ("COVID-19") and the Movement Control Order ("MCO") imposed by the Government is likely to adversely affect the Company's cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

The preparation of the financial statements of the Company on a going concern basis is dependent upon the continuous financial support from its shareholders.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Company's financial year beginning on or after 1st January 2021 are as follows:

(a) Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 "Interest Rate Benchmark Reform - Phase 2"
(b) Amendments to MFRS 16 "Covid-19 - Related Rent Concessions beyond 30 June 2021"
(c) Amendments to IC Interpretation 19 "Extinguishing Financial Liabilities With Equity"
(d) Amendments to IC Interpretation 22 "Foreign Currency Transaction and Advance Consideration"

The adoption of these amendments and interpretation does not result in any significant change to the accounting policies and do not have a material impact on the financial report of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Property, plant and equipment and depreciation

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 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
Motor vehicles	5
Computers	3
Furniture and fittings	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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Impairment of non-financial assets

The carrying amount of the Company's 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, 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.

An impairment loss is recognised in 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments

(a) Financial assets

(i) Recognition and initial measurement

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 instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(i) Recognition and initial measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a. Financial assets at amortised cost (debt instruments)
b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d. Financial assets at fair value through profit or loss

The financial assets of the Company are subsequently measured under (a) financial assets at amortised cost.

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Financial assets at amortised cost (cont'd)
Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Derecognition

A financial asset is derecognised when:

a. The rights to receive cash flows from the asset have expired, or

b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

   i. The Company has transferred substantially all the risks and rewards of the asset; or
   ii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it 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 its 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Derecognition (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company would require to repay.

(b) Financial liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes trade, other payables, amounts owing to immediate holding company and related companies.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in the hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

The measurement of financial liabilities depends on their classification, as described below:

Payables, loans and borrowings
This is the category most relevant to the Company. After initial recognition, payables, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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 recognised in profit or loss.

(c) 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.

(d) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has the following of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Deposits
- Amount owing from related companies

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(d) Impairment of financial assets (cont'd)

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) Simplified approach for trade receivables

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Note 7 sets out the measurement details of ECL.

(ii) General 3-stage approach other than trade receivables

As of the end of each reporting period, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. It considers available reasonable and supportive forward-looking information, where available. Note 7 sets out the measurement details of ECL.

Amount owing from related companies in the financial statements is assessed on group basis for ECL measurement, as credit risk information is obtained and monitored closely.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial instruments (cont'd)

(d) Impairment of financial assets (cont'd)

Significant increase in credit risk
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 supportable forward-looking information, where available.

A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Revenue and other income recognition

Revenue from contracts with customers upon adoption of MFRS 15

The Company recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out in MFRS 15 Revenue from Contracts with Customers:

(a) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(d) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Company satisfies a performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Revenue and other income recognition (cont'd)

Revenue from contracts with customers upon adoption of MFRS 15 (cont'd)
The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:

(a) Does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to-date; or

(b) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) Provides benefits that the customer simultaneously receives and consumes as the Company performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Performance obligations are as follows:

(a) **Tourism services**
Fees from hotel room booking, tours and travel services are recognised when services are rendered.

(b) **Other revenues**
Brochures and collaterals are recognised when services are rendered.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Support service fee is recognised when service is rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Government subsidy

Prihatin Wage Subsidy Programme and Special Assistance Grant for Tourism Agency
Subsidy from the Government is recognised at its fair value where there is a reasonable assurance that the subsidy will be received and the Company will comply with all attached conditions. Government subsidy relating to income shall be presented as other operating income.

2.7 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 tax payable in respect of the taxable profits for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax liabilities and assets are provided using the liability method at the current tax rate 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(ii) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(iii) the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

(b) The Company as lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Company is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

The ROU assets are initially measured at cost comprising the following:

a. the amount of the initial measurement of lease liability;
b. any lease payments made at or before the commencement date less any lease incentive received;
c. any initial direct costs incurred by the Company; and
d. an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(ii) ROU assets (cont'd)

The ROU assets are depreciated over the useful lives as follows:

	Number of years
Office	3

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

a. Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
b. Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
c. Amounts expected to be payable by the Company under residual value guarantees;
d. The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
e. Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(b) The Company as lessee (cont'd)

(iii) Lease liabilities (cont'd)
Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(iv) Remeasurement of lease liabilities
The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or of there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When adjustments to lease payments take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short-term leases and leases of low-value assets
The Company has elected not to recognise ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. Payments associated with these leases are recognised on a straight-line basis as an expense in profit or loss.

(c) The Company as lessor
The Company classified its leases as either operating leases or finance leases. Leases where the Company retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.5(b).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases (cont'd)

(c) The Company as lessor (cont'd)

If the Company transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2.9 Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than entity's functional currency 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 translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated.

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

2.10 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 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 contributions for local employees to the state pension scheme, the Employees' Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

2.12 Cash and cash equivalents

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

2.13 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Fair value measurements

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 ("MFRSs") AND AMENDMENTS TO MFRSs

Amendment to MFRSs which have been issued but not yet effective and relevant to the Company:

Amendments to MFRSs		**Effective date**
Amendments to:		
- MFRS 9	Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)	1st January 2022
- MFRS 101	Classification of Liabilities as Current or Non-current	1st January 2023
- MFRS 101	Disclosure of Accounting Policies	1st January 2023
- MFRS 108	Disclosure of Accounting Estimates	1st January 2023
- MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
- MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1st January 2022
- MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1st January 2022

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(a) Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. The Company estimates the useful lives of these assets to be within 3 to 5 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. 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 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.

(c) Determination of lease term of contracts with extension options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Company reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. significant customisation to the leased asset).

5. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RM	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
Cost						
As at 1st January 2020	458,777	733,363	65,230	156,835	148,189	1,562,394
Additions	-	1,591	-	-	-	1,591
As at 31st December 2020/ 1st January 2021	458,777	734,954	65,230	156,835	148,189	1,563,985
Additions	-	1,909	-	-	-	1,909
As at 31st December 2021	458,777	736,863	65,230	156,835	148,189	1,565,894

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor vehicles RM	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation						
As at 1st January 2020	56,941	607,412	48,180	90,540	51,683	854,756
Depreciation	91,754	69,828	4,004	20,351	20,672	206,609
As at 31st December 2020/ 1st January 2021	148,695	677,240	52,184	110,891	72,355	1,061,365
Depreciation	91,754	38,693	3,814	18,280	20,221	172,762
As at 31st December 2021	240,449	715,933	55,998	129,171	92,576	1,234,127
Net carrying amounts						
As at 31st December 2021	218,328	20,930	9,232	27,664	55,613	331,767
As at 31st December 2020	310,082	57,714	13,046	45,944	75,834	502,620

6. RIGHT-OF-USE ASSET

	2021 RM	2020 RM
Office		
Cost		
As at 1st January	357,376	420,888
Addition	516,537	-
Remeasurement	(65,965)	(63,512)
Derecognition	(357,376)	-
As at 31st December	450,572	357,376
Accumulated depreciation		
As at 1st January	305,980	174,161
Depreciation	116,314	131,819
Derecognition	(357,376)	-
As at 31st December	64,918	305,980
Net carrying amounts		
As at 31st December	385,654	51,396

The additional information about its leasing activities are as follows:

	2021 RM	2020 RM
Office		
(i) Lease term	3 years	3 years
(ii) Renewal option	1 year	1 year
(iii) Termination option	No	No
(iv) Restriction imposed	No	No
(v) Lease term determined by the management	3 years	3 years

The maturity analysis of lease liability is presented in Note 10.

7. RECEIVABLES

	2021 RM	2020 RM
Trade receivables	147,832	132,240
Other receivables	22,268	23,130
Deposits	157,421	179,990
Prepayment	281,904	153,724
Goods and Services Tax claimable	-	128,988
Amount owing from related companies - non-trade	3,966	8,215
	613,391	626,287

(a) The currency exposure profile of the receivables (exclude prepayment and goods and services tax claimable) is as follows (foreign currency balances are unhedged):

	2021 RM	2020 RM
Ringgit Malaysia	290,475	306,193
Singapore Dollar	17,365	20,513
US Dollar	23,647	16,869
	331,487	343,575

(b) The Company's normal trade receivables credit periods granted is 90 days (2020: 90 days).

7. RECEIVABLES (cont'd)

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

	2021 RM	2020 RM
Neither past due nor impaired	-	553
Past due but not impaired		
- 1 to 30 days	12,366	15,579
- 31 to 60 days	10,207	38,331
- 61 to 90 days	1,850	-
- 91 days and above	123,409	77,777
	147,832	131,687
	147,832	132,240

(d) **Measurement of Expected Credit Loss ("ECL") – simplified approach**
The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historical credit losses experienced by the Company. The historical loss rates are adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(e) **Measurement of ECL – general 3-stage approach for financial assets other than trade receivables**
Other financial assets include other receivables, deposits and amount owing from related companies.

The Company considers the probability of default upon initial recognition of asset and whether there has been any 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 forward-looking information, where available.

7. RECEIVABLES (cont'd)

(e) **Measurement of ECL – general 3-stage approach for financial assets other than trade receivables (cont'd)**
Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL.

Other receivables
Allowance for impairment loss is assessed for other receivables individually. The estimated impairment loss was immaterial.

Deposits
Deposits mainly represents deposit paid for rental of office premises. The deposit is refundable at the end of the leasing terms or upon termination of agreement. No allowance for impairment loss is recognised.

Amount owing from related companies
The amount owing from related companies is unsecured, interest-free and repayable upon demand. The Company has assessed the allowance for impairment loss for amount owing from related companies on a group basis. As at reporting date, the management is of the view that no allowance is to be recognised.

The related party transactions are disclosed in Note 17.

8. SHARE CAPITAL

	2021 No. of shares	2020 No. of shares	2021 RM	2020 RM
Issued and fully paid:				
Ordinary shares with no par value	500,000	500,000	500,000	500,000
Redeemable and convertible preference shares ("RCPS")	5,000,000	5,000,000	5,000,000	5,000,000
	5,500,000	5,500,000	5,500,000	5,500,000

8. SHARE CAPITAL (cont'd)

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;
- 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.

8. SHARE CAPITAL (cont'd)

The salient features of the RCPS are as follows: (cont'd)

(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 rate able proportion (as nearly as practicable without involving fractions of share) of each holding of such shares on the Redemption Date.

- 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 no 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.

8. SHARE CAPITAL (cont'd)

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 31st December 2021 and 31st December 2020.

9. PAYABLES

	2021 RM	2020 RM
Trade payables	71,312	762,529
Contract liabilities (Note 12)	2,718,036	2,784,003
Accruals	206,642	171,603
Amount owing to immediate holding company		
- non-trade	3,957,700	9,460
Amount owing to related companies - non-trade	-	13,245
	6,953,690	3,740,840
Disclosed as:		
- Non-current	3,957,700	-
- Current	2,995,990	3,740,840
	6,953,690	3,740,840

(i) The currency exposure profile of the payables (exclude contract liabilities) are as follows:

	2021 RM	2020 RM
Ringgit Malaysia	277,954	934,041
Singapore Dollar	-	91
US Dollar	3,957,700	22,705
	4,235,654	956,837

9. PAYABLES (cont'd)

(ii) The normal trade credit periods granted to the Company range from 30 to 90 days (2020: 30 to 90 days) or such other period as negotiated with the suppliers.

(iii) The non-current portion of amount owing to immediate holding company represents loan financing with interest bearing of 3.90% to 6.50%. The outstanding consideration is repayable after 3 years from year 2021.

(iv) The current portion of amounts owing to immediate holding company and related companies are unsecured, interest-free and repayable upon demand.

(v) The related party transactions are disclosed in Note 17.

10. LEASE LIABILITY

	2021 RM	2020 RM
Non-current	251,642	-
Current	151,157	60,397
	402,799	60,397

(i) The lease liability carried discount rate at 4.002% (2020: 4.002%) per annum and is repayable within 3 years.

(ii) The movements of lease liabilities during the financial year are as follows:

	2021 RM	2020 RM
As at 1st January	60,397	251,641
Addition	516,537	-
Remeasurement	(65,965)	(63,512)
Principal payment	(108,170)	(127,732)
As at 31st December	402,799	60,397

10. LEASE LIABILITY (cont'd)

(iii) Lease liability obligations:

	2021 RM	2020 RM
Minimum lease payments:		
- Not later than 1 year	164,160	60,800
- Later than 1 year and not later than 5 years	258,400	-
	422,560	60,800
Less: Unexpired finance charges	(19,761)	(403)
	402,799	60,397
Present value of lease liabilities:		
- Not later than 1 year	151,157	60,397
- Later than 1 year and not later than 5 years	251,642	-
	402,799	60,397

(iv) There is no expense relating to variable lease payments not included in the measurement of lease liability.

(v) The corresponding right-of-use assets of the lease liabilities are as disclosed in Note 6.

11. TAXATION

	2021 RM	2020 RM
Tax liability as at 1st January	-	111,000
Taxation charge for the financial year	-	(58,903)
Tax paid	-	(52,097)
Tax liability as at 31st December	-	-

11. TAXATION (cont'd)

	2021 RM	2020 RM
The taxation income comprise:		
Malaysian taxation		
- Based on results for the current financial year	-	-
- Over provision in prior year	-	(58,903)
	-	(58,903)

Reconciliation of tax income with accounting loss:

	2021 RM	2020 RM
Loss before taxation	(3,444,628)	(3,018,100)
Tax at current income tax rate at 24%	(826,711)	(724,344)
Tax effects in respect of:		
- Depreciation of non-qualifying property, plant and equipment	9,817	20,217
- Non-allowable expenses	8,119	167,407
- Unrealised loss on foreign exchange	11,729	15,236
- Deferred tax assets not recognised	797,046	521,484
Over provision of income tax in prior year	-	(58,903)
	-	(58,903)

11. TAXATION (cont'd)

	2021 RM	2020 RM
Unused business losses	5,930,000	2,741,000
Unused capital allowances	240,000	125,000
Timing difference between accounting depreciation and capital allowance	(115,000)	(132,000)
	6,055,000	2,734,000
Potential deferred tax asset not recognised at 24%	1,453,000	656,000

Deferred tax assets have not been recognised as it is not probable that sufficient future taxable profits will be available to offset against the deferred tax assets.

Pursuant to new law gazetted under the Budget 2019, the ability to carry forward unused tax losses is restricted to a maximum period of seven consecutive Year of Assessment ("YA"), effective YA 2019.

Under the Budget 2022, it is proposed that the unused tax losses can be carried forward for a maximum period of ten (10) consecutive YA, effective YA 2019.

The unused tax losses and unused capital allowances of the Company are available for offsetting against future taxable profits as follows:

	2021 RM	2020 RM
Utilisation period		
Indefinite	240,000	125,000
Within 7 years	-	2,741,000
Within 9 years	2,741,000	-
Within 10 years	3,189,000	-
	6,170,000	2,866,000

12. REVENUE

	2021 RM	2020 RM
Revenue from contracts with customers, recognised at point in time		
- Tourism service fee	160,700	6,766,462

The following information reflects the typical transactions of the Company:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable elements in consideration
Tourism service fee	Revenue is recognised upon service rendered.	Credit period is 90 days from invoice date.	N/A

	2021 RM	2020 RM
Geographical market		
Asia	160,700	983,690
Europe	-	5,441,825
Others	-	340,947
	160,700	6,766,462

The following table provides information about receivables and contract liabilities from contracts with customers:

	2021 RM	2020 RM
Trade receivables (Note 7)	147,832	132,240
Contract liabilities (Note 9)	2,718,036	2,784,003

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised upon satisfaction of performance obligation by rendering services.

12. REVENUE (cont'd)

The movement in the contract liabilities balances during the year are as follows:

	2021 RM	2020 RM
Contract liabilities		
At 1st January	2,784,003	3,080,979
Revenue recognised	(37,208)	(1,690,136)
Refund to customers	(113,617)	(986,655)
Cash received, excluding amount recognised as revenue during the year	84,858	2,379,815
At 31st December	2,718,036	2,784,003

No information provided about the remaining performance obligations at 31st December 2021 and 31st December 2020 that have an original expected duration of one year or less, as allowed by MFRS 15.

Due to COVID-19 pandemic, the Company is currently negotiating with the customers for an extension on the remaining performance obligations with the original expected duration of one year or less.

13. COST OF SALES

Cost of sales consists of expenses incurred related to purchase or procurement of hotel, transport, flight and other tourism related services.

14. LOSS FROM OPERATIONS

The following items have been (credited)/ charged in arriving at loss from operations:

	2021 RM	2020 RM
Auditors' remuneration	19,000	19,000
Bad debts written off	-	113,271
Deposit written off	19,880	-
Depreciation of property, plant and equipment	172,762	206,609
Depreciation of right-of-use asset	116,314	131,819
Directors' remuneration (Note 17(c))	246,709	603,452
(Gain)/ on foreign exchange		
- realised	(4,705)	79,697
- unrealised	48,872	63,482
Prihatin wage subsidy programme	-	(108,000)
Rental income	(2,400)	(600)
Staff costs		
- Salaries, allowances, wages and bonuses	2,218,544	2,839,390
- Employees' Provident Fund	180,877	256,688
- Other employee benefits	72,564	104,751
Special assistance grant for tourism agency	(6,000)	-

The number of employees (excluding Directors) of the Company at the end of the financial year was 31 (2020: 40).

15. FINANCE COSTS

	2021 RM	2020 RM
Interest charged by immediate holding company	102,852	-
Interest in lease liability	10,390	5,244
	113,242	5,244

16. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Represented by:		
Cash in hand	2,730	2,870
Bank balances	620,162	659,907
	622,892	662,777

The currency exposure profile of the cash and bank balances are as follows:

	2021 RM	2020 RM
Ringgit Malaysia	315,754	589,883
Singapore Dollar	-	1,675
US Dollar	273,887	3,265
Euro	33,251	67,954
	622,892	662,777

17. 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:

(a) **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:

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

17. SIGNIFICANT RELATED PARTIES DISCLOSURES (cont'd)

(a) Related parties (cont'd)

(ii) 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.
Desert Adventures Tourism LLC.

(iii) 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.
Asian Trails International Travel Services (Beijing) Ltd.

(b) Related party transactions

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

	2021 RM	2020 RM
Professional fee charged by:		
- Asian Trails Ltd.	130,560	139,533
- Asian Trails Holding Ltd.	117,798	176,488
- Asian Trails (Vietnam) Co. Ltd.	4,266	6,784
- Desert Adventures Tourism LLC.	27,486	19,927
Loan financing from:		
- Asian Trails Holding Ltd.	3,957,700	-

17. SIGNIFICANT RELATED PARTIES DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

	2021 RM	2020 RM
Interest expenses charged by:		
- Asian Trails Holding Ltd.	102,852	-
Sales to related companies:		
- Asian Trails Ltd.	-	200,814
Support service fee charged to:		
- Asian Trails International Travel Services (Beijing) Ltd.	6,156	5,246
- Asian Trails Tour Ltd.	6,156	5,246
- Asian Trails (Cambodia) Ltd.	6,156	5,246
- Asian Trails (Laos) Ltd.	6,156	5,246
- P.T. Asian Trails Indonesia	18,518	15,781
- Asian Trails (Vietnam) Co. Ltd.	18,518	15,781
- Asian Trails Ltd.	24,674	21,028

Information regarding outstanding balances arising from related party transactions as at 31st December 2021 and 31st December 2020 are disclosed in Note 7 and Note 9.

(c) 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:

	2021 RM	2020 RM
Directors' remuneration		
- Salaries, bonuses and allowances	246,709	603,452

18. FINANCIAL INSTRUMENTS

(a) **Categories of financial instruments**

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

(i) Financial assets measured at amortised cost ("AC")
(ii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	AC/ (FL) RM
2021		
Financial assets		
Receivables *	331,487	331,487
Cash and bank balances	622,892	622,892
	954,379	954,379
Financial liabilities		
Payables #	(4,235,654)	(4,235,654)
Lease liabilities	(402,799)	(402,799)
	(4,638,453)	(4,638,453)
2020		
Financial assets		
Receivables *	343,575	343,575
Cash and bank balances	662,777	662,777
	1,006,352	1,006,352
Financial liabilities		
Payables #	(956,837)	(956,837)
Lease liabilities	(60,397)	(60,397)
	(1,017,234)	(1,017,234)

* Receivables exclude Goods and Services Tax claimable and prepayment as they do not meet the definition of financial instrument.

\# Payables exclude contract liabilities as it does not meet the definition of a financial instrument.

18. FINANCIAL INSTRUMENTS (cont'd)

(b) Net loss arising from financial instruments

	2021 RM	2020 RM
Net loss on:		
Financial assets at amortised cost	19,880	113,271
Financial liabilities at amortised cost	113,242	5,244
	133,122	118,515

(c) 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

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. The Company is exposed to credit risk mainly from trade receivables, amount owing from related companies, cash and bank balances.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Analysis of the Company's trade receivables is reflected in Note 7.

<u>Amount owing from related companies</u>

The credit risk arising from amount owing from related companies is managed on a group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by related companies is minimal.

At the end of the reporting period, there was no indication that the balance owing from related companies is not recoverable.

18. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Cash and bank balances
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.

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:

	2021 RM	2020 RM
Financial assets		
- Receivables	41,012	37,382
- Cash and bank balances	307,138	72,894
	348,150	110,276
Financial liabilities		
- Payables	3,957,700	22,796

5% and 10% (2020: 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.

18. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management (cont'd)

(ii) Market risk (cont'd)

Foreign currency risk (cont'd)

	(Decrease)/ Increase in profit after tax RM	(Decrease)/ Increase in equity RM
Effect of changes in foreign currency against RM		
2021		
- Weakened by 5%	(133,477)	(133,477)
- Weakened by 10%	(266,954)	(266,954)
2020		
- Weakened by 5%	4,199	4,199
- Weakened by 10%	8,398	8,398

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:

18. FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

	Carrying amount RM	Contractual interest rate/ Discount rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	3 - 5 years RM
2021						
Payables classified as financial liabilities (Note 18(a))	4,235,654	3.90 - 6.50	4,853,054	483,754	205,800	4,163,500
Lease liability	402,799	4.00	422,560	151,157	182,400	89,003
	4,638,453		5,275,614	634,911	388,200	4,252,503
2020						
Payables classified as financial liabilities (Note 18(a))	956,837	-	956,837	956,837	-	-
Lease liability	60,397	4.00	60,800	60,800	-	-
	1,017,234		1,017,637	1,017,637	-	-

19. FAIR VALUE OF ASSETS AND LIABILITIES

(a) 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 amounts owing from/to immediate holding company and related companies

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.

(iii) Amount due to immediate holding company

The fair value of amount due to immediate holding company which is long term financial liability is estimated based on future contractual cash flows discounted at current market assessments of the time value of money and the risks specific to the liabilities.

(b) Fair value measurement hierarchy

At 31st December 2021 and 31st December 2020, no financial assets and liabilities were carried at fair value.

20. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC

On 15th June 2021, the Malaysian government announced the National Recovery Plan ("NRP") as an exit strategy to assist Malaysia in recovering from the pandemic and is currently implementing the National COVID-19 Immunisation Programme ("PICK"). Although the Malaysian economy is on the road to recovery from COVID-19, the recovery from the impact of COVID-19 pandemic may take longer time, thus at this juncture, the risks remain from the on-going COVID-19 pandemic.

20. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR - COVID-19 PANDEMIC (cont'd)

The COVID-19 has caused an unprecedented crisis for the travel and tourism industry which impacted the business operations of the Company particularly on the Company's revenue due to the implementation of travel and other restrictions locally and globally. The Company has performed assessments of the overall impact of the situation on the Company's operations and financial implications, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

The degree of the impact depends on the situation of the pandemic preventive measures and the duration of the pandemic. The Company will continue to monitor the development of COVID-19 situation closely and implement proactive measures to control costs, capital expenditure and streamline its operations to mitigate the consequences of COVID-19.

The Company has obtained continuous financial support from its immediate holding company, Asian Trails Holding Ltd to continue its business as a going-concern. At this juncture, the management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with current year's presentation.

22. CURRENCY

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

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Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

DETAILED PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

	2021 RM	2020 RM
REVENUE		
Tourism service fee	160,700	6,766,462
COST OF SALES		
Hotel, ticketing and tour package		
- Current year	131,962	5,092,863
- Over provision in prior year	(140,210)	(242,271)
	8,248	(4,850,592)
GROSS PROFIT	168,948	1,915,870
OTHER OPERATING INCOME		
Brochures and collaterals	-	50,139
Prihatin wage subsidy programme	-	108,000
Realised gain on foreign exchange	4,705	-
Rental income	2,400	600
Special assistance grant for tourism agency	6,000	-
Support service fee	86,334	73,574
	99,439	232,313
	268,387	2,148,183
MARKETING COSTS	(54,560)	(141,587)
ADMINISTRATIVE EXPENSES	(3,545,213)	(5,019,452)
LOSS FROM OPERATIONS	(3,331,386)	(3,012,856)
FINANCE COSTS	(113,242)	(5,244)
LOSS BEFORE TAXATION	(3,444,628)	(3,018,100)

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

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	RM	RM
MARKETING COSTS		
Marketing survey expenses	26,148	78,402
Travelling and accommodation	28,412	63,185
	54,560	141,587
ADMINISTRATIVE EXPENSES		
Auditors' remuneration	19,000	19,000
Bad debts written off	-	113,271
Bank charges	5,234	17,437
Deposit written off	19,880	-
Depreciation of property, plant and equipment	172,762	206,609
Depreciation of right-of-use asset	116,314	131,819
Directors' remuneration	246,709	603,452
Electricity and water	6,040	13,441
Electronic data processing maintenance fee	12,493	17,193
Gift and donation	-	357
Insurance and road tax	45,352	79,204
Licence fee	27,531	13,479
Loss on foreign exchange:		
- realised	-	79,697
- unrealised	48,872	63,482
Office expenses	9,822	14,437
Postage and courier	675	1,246
Printing and stationery	4,059	6,366
Professional fees	289,717	366,774
Balance carried forward	1,024,460	1,747,264

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

Registration No.
200001012196 (514802-A)

ASIAN TRAILS (M) SDN. BHD.

Incorporated in Malaysia

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021 (Cont'd)

	2021 RM	2020 RM
ADMINISTRATIVE EXPENSES (cont'd)		
Balance brought forward	1,024,460	1,747,264
Repair and maintenance	1,521	1,425
Recruitment cost	1,442	-
Staff costs		
- Salaries, allowances, wages and bonuses	2,218,544	2,839,390
- Employees' Provident Fund	180,877	256,688
- SOCSO	24,795	39,837
- Others	28,624	20,791
- Staff training	1,573	21,890
- Staff welfare and refreshment	17,572	22,233
Subscription fee	5,344	6,423
Tax consulting fee	9,000	-
Telephone and fax	29,161	59,538
Upkeep of computers	460	649
Worker's permit	1,840	3,324
	3,545,213	5,019,452

FINANCE COSTS

	2021 RM	2020 RM
Interest charged by immediate holding company	102,852	-
Interest in lease liability	10,390	5,244
	113,242	5,244

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

GREAT SOUTH

CÔNG TY KIỂM TOÁN VÀ GIẢI PHÁP CÔNG NGHỆ THÔNG TIN ĐẠI NAM

GREAT SOUTH AUDITING AND INFORMATION TECHNOLOGY SOLUTION CO., LTD.

KIỂM TOÁN THỦY CHUNG

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2021

ASIAN TRAILS CO., LTD

ebsite: www.gs-audit.com

AUDITING
ACCOUNTING
I.T.SOLUTION

ASIAN TRAILS CO., LTD

CONTENTS

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REPORT OF THE DIRECTORS

The Directors of Asian Trails Co., Ltd ('the company') present this report together with the audited financial statements for the fiscal year ended 31 December 2021.

Business highlights

- Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2020.
- Charter capital: VND 3,000,000,000 (three billion Vietnam Dong).
- Structure of charter capital as follows:

Members	As certificate of business registration	Rate
– Bui Viet Thuy Tien	VND 2,400,000,000	80%
– Bui Viet Hong Duc	VND 600,000,000	20%
Total	**VND 3,000,000,000**	**100%**

- Head office
  - Address: 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22 Binh Thanh District, Ho Chi Minh City.
- Principal activities and significant changes to the business
  - Domestic and international tourist service, trading souvenir, handicraft products, commercial services, goods consignment agent.

Financial position and business results

The financial position as of Asian Trails Co., Ltd, the business results and the cash flows for the year then ended of the company have been expressed in the financial statements attached to this report (from page 04 to page 15).

Current assets

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements as misleading.

Contingent liabilities

At the date of this report, no contingent liabilities have arisen since the end of the fiscal year against the assets of the Company.

Subsequent events

The Directors of the company hereby confirm that there have been no events after 31 December 2021 to the date of this report, which need any adjustments on the figures or the disclosures in the financial statements.

The Board of Directors

The Board of Directors of the company during the year and as of the date of this report include:

Full name	**Position**
– Ms Bui Viet Thuy Tien	Director

Auditors

Thuy Chung Auditing - Branch of the Great South Auditing & Information Technology Solution Co., Ltd have performed the audit on the company's financial statements for the fiscal year ended 31 December 2021 and have expressed their willingness to be appointed the company's external auditors in the coming years.

Confirmations of the Directors

The Directors of the company are responsible for the preparation of the financial statements to give a true and fair view of the financial position as of the balance sheet date, the business results and the cash flows of the company for each of the company's fiscal year. In order to prepare these financial statements, the Directors must:

- Select the appropriate accounting policies and apply them consistently;
- Make judgments and estimates prudently;
- Announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements; and
- Prepare the financial statements of the company on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors hereby ensure that all the requirements mentioned above have been followed when the financial statements are prepared, that all the accounting books of the company have been fully recorded and can fairly reflect the financial position of the company at any time, and that all the financial statements have been prepared in compliance with the Vietnamese accounting system and standards.

The Directors are also responsible to protect the assets of the company, and consequently have proceeded appropriate measures to prevent and to detect frauds and other irregularities.

We, the Directors of the company, confirm that all the accompanying financial statements and the notes to the financial statements have been properly prepared and have given a true and fair view of the financial position as of 30 September 2021, the business results and the cash flows for the year then ended of the company in compliance with the Vietnamese accounting system and standards as well as other related regulations.

For and on behalf of the Directors

0302229325-C.T.T.N.H.H
CÔNG TY TNHH
DU LỊCH ĐƯỜNG MÒN
CHÂU Á
TP. HỒ CHÍ MINH

BUI VIET THUY TIEN
Director
11 January 2022

KIỂM TOÁN THỦY CHUNG - CHI NHÁNH CÔNG TY KIỂM TOÁN VÀ GIẢI PHÁP CNTT ĐẠI NAM
THUY CHUNG AUDITING - BRANCH OF GREAT SOUTH AUDITING AND I.T. SOLUTION CO., LTD.
5th floor, 97 Nguyen Cong Tru Street, Nguyen Thai Binh Ward, District 1, HCMC
Tel: (84 - 28) 39 141 152 / 39 141 153 Email: kttc@thuychung.com.vn

No. CN/KTTC/007A

INDEPENDENT AUDITOR'S REPORT

To: THE DIRECTOR OF ASIAN TRAILS CO., LTD

We have audited the accompanying financial statements of Asian Trails Co., Ltd for the fiscal year ended 31 December 2021 prepared on 11 January 2022 on pages from 04 to 15 including Balance Sheet, Income statement, Cash flow and Notes to the Financial Statements of your Company attached with hereafter.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards and systems and statutory regulations relevant to preparation and presentation of financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material mis-statement, 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 Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinions

In our opinion, in the all material respects, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations and its cash flow for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory regulations relevant to preparation and presentation of financial statements.

Thuy Chung Auditing - Branch of the Great South Auditing & Information Technology Solution Co., Ltd

KIỂM TOÁN THỦY CHUNG

PhD Phung Thi Thanh Thuy – Deputy Director	**Pham Gia Bao Ngoc – Auditor**
Audit Practicing Registration	*Audit Practicing Registration*
Certificate No. 0126-2019-169-1	*Certificate No. 1267-2018-169-1*
Ho Chi Minh City, 22 February 2022	

ASIAN TRAILS CO., LTD.
28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City

BALANCE SHEET
As at 31 December 2021

UNIT : USD

Description	Note	As at 31 December 2021		As at 31 December 2020	
ASSETS					
Fixed assets					
– Historical cost	V.8	32.751,81		32.751,81	
– Accumulated depreciation	V.8	(31.479,60)		(22.896,90)	
			1.272,21		*9.854,91*
Current assets					
– Short-term deposits	V.3	29.702,65		29.442,92	
– Receivables from customers	V.4	39.796,93		7.944,69	
– Advance to suppliers	V.5	78.306,99		76.187,64	
– Other receivable	V.6	36.014,84		57.463,07	
– Prepaid expenses	V.7	13.236,89		4.174,78	
– Investments in other entities	V.10	41.203,20		41.203,20	
– Loan receivable	V.9	1.415.882,52		1.549.383,00	
			1.654.144,02		*1.765.799,30*
– Cash on hand	V.1	1.689,94		6.724,54	
– Cash at bank	V.2	833.163,71		1.259.679,41	
			834.853,65		*1.266.403,95*
TOTAL ASSETS			**2.490.269,88**		**3.042.058,16**
EQUITY					
– Paid-in capital	V.12	143.540,00		143.540,00	
– Undistributed earnings	V.12	41.522,93		246.700,80	
+ Retained earning of the previous years		*246.700,80*		*510.531,35*	
+ Profit/ losses of the current year		*(205.177,87)*		*(263.830,55)*	
			185.062,93		*390.240,80*
– Bonus and welfare funds		135.614,03		135.614,03	
– Payable to suppliers	V.13	8.375,85		10.570,97	
– Advance from customers	V.14	778.262,20		830.450,22	
– Lease liability		-		-	
– Personal income tax	V.15	499,91		499,91	
– Corporate income tax	V.15	158.233,01		158.233,01	
– Value added tax payable	V.15	580.038,69		580.038,69	
			1.661.023,69		*1.715.406,83*
– Others payable	V.16	100.822,03		100.818,49	
– Provision for unemployment	V.17	285.853,12		265.728,17	
– Accrual expenses	V.11	257.508,11		569.863,87	
			644.183,26		*936.410,53*
TOTAL EQUITY			**2.490.269,88**		**3.042.058,16**

Ho Chi Minh City, 11 January 2022

Chief accountant | *Director*

PHAM THI KIM KHANH | BUI VIET THUY TIEN

M.S.D.N: 0302229325-C.T.T.N.H.H. CÔNG TY TNHH DU LỊCH ĐƯỜNG MÒN CHÂU Á THÀNH PHỐ HỒ CHÍ MINH

ASIAN TRAILS CO., LTD.

28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City

PROFIT AND LOSS STATEMENT
For the year 2021

UNIT : USD

Description	Note	Year 2021	Year 2020
INCOME		**365.535,73**	**4.033.278,40**
– Sales from rendering services	VI.1	50.536,52	3.780.279,16
– Financial income	VI.2	17.696,59	23.722,22
– Sales returns		-	-
– Others income	VI.3	297.302,62	229.277,02
EXPENSES		**570.713,60**	**4.297.108,95**
– Cost of tours	VI.4	25.006,31	3.062.857,47
– Sales and marketing expenses	VI.5	7.924,01	54.304,42
– Depreciation expenses		8.582,70	9.700,65
– Personnel expenses	VI.6	299.446,52	598.177,76
– Management expenses	VI.7	229.830,57	420.238,81
– Bad debt		-	16.314,00
– Financial expenses	VI.8	-	-
– Bank charges	VI.8	1.225,54	5.403,07
– Taxes	VI.9	173,28	64.715,75
– Management fees paid		-	55.187,54
– Other expenses		(1.475,33)	10.209,48
PROFITS		**(205.177,87)**	**(263.830,55)**

Ho Chi Minh City, 11 January 2022

Chief Accountant

PHAM THI KIM KHANH

Director

M.S.D.N: 0302229325-C.T.T.N.H.H
CÔNG TY TNHH
DU LỊCH ĐƯỜNG MÒN
CHÂU Á
THÀNH PHỐ HỒ CHÍ MINH

BUI VIET THUY TIEN

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2021

These notes are integral part of and should be read in conjunction with the financial statements for the fiscal year ended 31 December 2021 of Asian Trails Co., Ltd ("the Company").

I. OPERATION FEATURES

1. **Form of owner:** Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2021 has allowed the company to move the head quarter to 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City.
2. **Business lines:** Domestic and international tour service, trading souvenir, handicraft products, commercial services, goods consignment agent.
3. **Material effects on the Company's operation:**
   - There have not any fluctuations which can cause material effects on the Company's operations during the year.

II. ACCOUNTING PERIOD AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. **Fiscal year**
   The fiscal year is from 01 January to 31 December annual.
2. **Standard currency unit used in accounting and method of foreign currency transaction**
   The standard currency unit used is USD, other currencies are converted into USD at the time the business transactions happen with the exchange rate issued by State Bank or real exchange ruling at the date of the transaction.

III. ACCOUNTING SYSTEM AND STANDARDS

1. **Accounting system**
   The company adopt the International Accounting Standards.
2. **Accounting form:**
   General Journal.
3. **Fixed assets and depreciation of fixed assets**

   Evaluation method

   Historical costs of fixed assets include the buying prices and other directly related costs to put the fixed assets into use.

   When the assets are disposed or liquidated, their historical costs and accumulated depreciation are written off then any profit or loss generated from the liquidation is included in the Income Statement.

   Depreciation method

   Fixed assets are depreciated in accordance with the straight-line method to write off their historical costs during their estimated useful lives as stipulated in the Decision No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance.

The annual depreciation periods applied are as follows:

Fixed assets	Years
Office equipment	03
Means of transportation	10
Intangible fixed assets	03

4. Method of sales and expenditure recognition

Revenue of sales is recognized in the income statement when service is performed.
Expenses are recorded corresponding to the sales at the transaction dates.

5. Principles of recognized accruals and unemployment funds.

Accrued tours cost made by invoices received up to the date signed financial report and estimated by the managers.
Unemployment fund made by 50% of one month salaries.

6. Principles for recognized provision for bad debts.

Provision for bad debts made for all trade receivables over due 3 months.

IV. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

Unit: USD

1. Cash on hand

	Ending balance	Beginning balance
– Cash on hand at Ho Chi Minh Office	**130,47**	**4.074,40**
+ Cash in hand (USD)	125,00	425,33
+ Cash in hand (VND)	5,47	3.649,07
(equivalent in VND)	*124.547*	*84.235.193*
– Cash on hand – Da Nang Branch	**53,29**	**43,28**
+ Cash in hand (USD)	53,29	43,28
(equivalent in VND)	*1.214.537*	*998.985*
– Cash on hand – Ha Noi Branch	**1.506,18**	**2.606,86**
+ Cash in hand (USD)	26,18	327,53
(equivalent in VND)	*596.741*	*7.560.801*
+ Cash in hand (VND)	1.480,00	2.279,33
TOTAL	**1.689,94**	**6.724,54**

2. Cash in bank

	Ending balance	Beginning balance
– Cash at bank - Ho Chi Minh Office	**817.063,16**	**1.231.457,08**
At Viecombank	***811.769,40***	***1.192.403,50***
+ Cash at bank (VND)	3.204,59	35.034,10
(equivalent in VND)	*73.026.103*	*808.723.514*
+ Cash at bank (USD)	791.911,59	1.127.615,05
+ Cash at bank (EUR)	16.653,22	29.754,35
At ACB	***5.293,76***	***39.053,58***
+ Cash at bank (VND)	4.779,49	38.401,83
(equivalent in VND)	*108.926.371*	*886.473.490*
+ Cash at bank (USD)	514,27	651,75
– Cash at bank - Da Nang Branch	**627,86**	**874,88**
(equivalent in VND)	*14.308.624*	*20.195.692*
– Cash at bank - Ha Noi Branch	**35,49**	**89,70**
(equivalent in VND)	*1.214.537*	*2.070.726*
– Cash at DBS BANK (Singapore)	**9.975,23**	**21.865,49**
– Saving account in Vietcombank	**5.461,97**	**5.392,26**
+ Saving account in VND	5.461,97	5.392,26
(equivalent in VND)	*124.475.154*	*124.475.154*
TOTAL	**833.163,71**	**1.259.679,41**

3. Short-term deposits

	Ending balance	Beginning balance
– Deposit for office rental in Saigon	11.622,63	11.622,63
– Deposit for Onepay	6.510,51	6.250,78
– Deposit for International Tourism	11.210,76	11.210,76
– Deposit for Vinasun taxi card	134,53	134,53
– Deposit for roaming fees	224,22	224,22
TOTAL	**29.702,65**	**29.442,92**

4. Receivables from customers

	Ending balance	Beginning balance
– Receivables from customers	39.796,93	7.944,69
Total	**39.796,93**	**7.944,69**

5. Advance to suppliers

	Ending balance	Beginning balance
– Advance to suppliers	78.306,99	76.187,64
Total	**78.306,99**	**76.187,64**

6. Other receivables

	Ending balance	Beginning balance
– Other receivables	36.014,84	57.463,07
Total	**36.014,84**	**57.463,07**

7. Prepaid expenses

	Ending balance	Beginning balance
– Prepaid expenses – Insurance expenses	2.427,43	2.225,13
– Prepaid expenses – Others expenses	10.742,77	1.452,06
– Prepaid expenses – Rental fees	42,68	473,58
– Prepaid expenses - Internet & Software License	24,01	24,01
TOTAL	**13.236,89**	**4.174,78**

8. Fixed assets

Items	Office equipment	Transportation	Total
Historical costs			
Beginning balance	**31.248,25**	**1.503,56**	**32.751,81**
– Increases	-	-	-
In Which:			
New purchases	-	-	-
– Decreases			
Ending balance	**31.248,25**	**1.503,56**	**32.751,81**
Depreciation			
Beginning balance	**21.393,34**	**1.503,56**	**22.896,90**
– Increases	8.582,70	-	8.582,70
– Decreases		-	-
Ending balance	**29.976,04**	**1.503,56**	**31.479,60**
Net book values			-
– Beginning balance	9.854,91	-	**9.854,91**
– Ending balance	**1.272,21**	-	**1.272,21**

9. Loan receivable

	Ending balance	Beginning balance
– Loan receivable	1.415.882,52	1.549.383,00
Total	**1.415.882,52**	**1.549.383,00**

Loan receivable in details as at 31 December 2020

	USD
– Asian Trails Holding	1.157.967,18
– Asian Trails Thai Lan	158.532,34
– Ms Bui Viet Thuy Tien	99.383,00
Total	**1.415.882,52**

10. Investments in other entities

	Ending balance	Beginning balance
– Investments in other entities	41.203,20	41.203,20
TOTAL	**41.203,20**	**41.203,20**

11. Accrued expenses

	Ending balance	Beginning balance
– Accrued liabilities - Cost of sales (NetSuite)	4.729,56	176.164,00
– Accrued liabilities - Others	185.431,31	200.368,95
– Accrued liabilities - Cost of sales (Passion)	455,44	120.455,44
– Accrued liabilities - Sales Commission	58.224,31	61.964,77
– Accrued liabilities - Audit Fee	4.084,18	6.327,40
– Accrued liabilities - Non current ROU Lease Liability	4.583,31	4.583,31
TOTAL	**257.508,11**	**569.863,87**

12. Paid-in capital

Statement of fluctuations in owner's equity

	Capital	Retained earnings	Total
Beginning balance of the previous year	**143.540,00**	**1.096.634,66**	**1.240.174,66**
– Capital increased in the previous year	-		
– Profit of the previous year	-	(263.830,55)	**(263.830,55)**
– Profit sharing of the previous year	-	(586.103,31)	**(550,000.00)**
Ending balance of the current year	**143.540,00**	**246.700,80**	**390.240,80**
Beginning balance of the current year	**143.540,00**	**246.700,80**	**390.240,80**
– Capital increased in the year	-	-	-
– Profit of the current year	-	(205.177,87)	**(205.177,87)**
– Profit sharing of the current year	-	-	-
Ending balance of the current year	**143.540,00**	**41.522,93**	**185.062,93**

13. Payable to suppliers

	Ending balance	Beginning balance
– Payable to suppliers	8.375,85	10.570,97
TOTAL	**8.375,85**	**10.570,97**

14. Advance from customers

	Ending balance	Beginning balance
– Advance from customers	778.262,20	830.450,22
TOTAL	**778.262,20**	**830.450,22**

15. Tax payable

	Ending balance	Beginning balance
– Personal income tax	499,91	499,91
– Corporate income tax	158.233,01	158.233,01
– Value added tax payable	580.038,69	580.038,69
TOTAL	**738.771,61**	**738.771,61**

16. Other payable

	Ending balance	Beginning balance
– Other payable	101.166,52	100.818,49
TOTAL	**101.166,52**	**100.818,49**

17. Provision for unemployment

	Ending balance	Beginning balance
– Provision for unemployment	285.853,12	265.728,17
TOTAL	**285.853,12**	**265.728,17**

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

1. Sales from rendering services

	Current year	Previous year
– Sales from tours	50.536,52	3.780.279,16
TOTAL	**50.536,52**	**3.780.279,16**

2. Financial income

	Current year	Previous year
– Interest income	17.696,59	23.722,22
TOTAL	**17.696,59**	**23.722,22**

3. Other income

	Current year	Previous year
– Other income	297.302,62	229.277,02
TOTAL	**297.302,62**	**229.277,02**

4. Cost of sales

	Current year	Previous year
– Cost of tours	25.006,31	3.062.857,47
TOTAL	**25.006,31**	**3.062.857,47**

5. Sales & marketing expenses

	Current year	Previous year
– Gift to customer	-	343,15
– Inspection trips	-	1.245,90
– Trade shows expenses	516,28	1.849,64
– Advertising local	-	141,06
– Commission of sales	3,81	20.651,51
– Other	7.403,92	30.073,16
TOTAL	**7.924,01**	**54.304,42**

6. Personnel expenses

	Current year	Previous year
– Salaries & wages	252.865,39	520.102,81
– Social security fund	39.037,07	58.904,68
– Medical	2.913,33	4.339,28
– Training & recruitment	-	1.388,12
– Others personnel expenses	4.630,73	13.442,87
TOTAL	**299.446,52**	**598.177,76**

7. Management expenses

	Current year	Previous year
Communication expenses		
– Telephone charges	1.823,77	5.922,96
– Postage and courier expenses	157,08	880,42
Total Communication expenses	**1.980,85**	**6.803,38**
Office expenses		
– Office rental	47.892,38	123.440,48
– Electricity and water expenses	2.844,52	8.552,16
– Software maintenance expenses	151,80	689,14
– IT expenses	5.226,94	7.923,18
– Other office expenses	2.482,42	22.601,69
Total Office expenses	**58.598,06**	**163.206,65**
Administration expenses		
– Printing and stationeries expenses	498,45	2.276,46
– Audit fees	1.656,00	6.329,00
– Transportation expenses	30,13	5.305,92
– Accommodation expenses	219,62	-
– Travelling expenses	177,11	14.498,25
– Entertainment expenses	-	1.135,49
– Insurance expenses	6.528,79	7.464,17
– Membership fees	112,56	603,49
– Charges Thomas Cook Group	-	212.616,00
Total Administration expenses	160.029,00	***250.228,78***
TOTAL	***229.830,57***	**420.238,81**

8. Financial expense

	Current year	Previous year
– Others	1.225,54	5.403,07
TOTAL	**1.225,54**	**5.403,07**

9. Others expenses

	Current year	Previous year
– Corporate income tax expenses	173,28	10.715,75
– Value added tax expenses	-	54.000,00
TOTAL	**173,28**	**64.715,75**

VI. SUBSEQUENT EVENT

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

PHAM THI KIM KHANH
Chief Accountant
11 January 2022

BUI VIET THUY TIEN
Director

Gulf Dunes LLC

Financial statements
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Gulf Dunes LLC

Financial statements
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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 31 December 2021.

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 31 December 2021 are stated below:

Financial highlights	2021 OMR	2020 OMR
Net loss	**(10,195)**	(11,162)
Total equity	**85,124**	95,319

Representations and audit

There have been no events subsequent to 31 December 2021, 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
CFO
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: April 27, 2022

KPMG Lower Gulf Limited
Children's Public Library Building
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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 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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 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 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.

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

We report that the financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

KPMG

28 April 2022

KPMG LLC

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2021 OMR**	2020 OMR
Revenue	*5*	**7,880**	5,348
Direct costs	*6*	**(478)**	(2,882)
Gross profit		**7,402**	2,466
Administrative and general expenses	*7*	**(17,597)**	(13,628)
Loss before tax		**(10,195)**	(11,162)
Tax expense	*16*	**-**	-
Loss for the year		**(10,195)**	(11,162)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(10,195)**	(11,162)

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of financial position

As at 31 December

	Notes	**2021 OMR**	2020 OMR
Assets			
Trade and other receivables	*8*	**6,008**	3,326
Due from related parties	*9*	**92,211**	121,999
Cash at bank	*14*	**686**	5,196
Current assets		**98,905**	130,521
Total assets		**98,905**	130,521
Equity and liabilities			
Equity			
Share capital	*12*	**150,000**	150,000
Statutory reserve	*13*	**3,292**	3,292
Accumulated losses		**(68,168)**	(57,973)
Total equity		**85,124**	95,319
Liabilities			
Employees' end of service benefits	*11*	**1,018**	287
Non-current liability		**1,018**	287
Trade and other payables	*10*	**12,763**	34,803
Due to a related party	*9*	**-**	112
Current liabilities		**12,763**	34,915
Total liabilities		**13,781**	35,202
Total equity and liabilities		**98,905**	130,521

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

These financial statements were authorized for issue on behalf of the Company's Directors on April 27, 2022:

Director

Director

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of cash flows

For the year ended 31 December

	Notes	**2021 OMR**	2020 OMR
Cash flows from operating activities			
Loss for the year		**(10,195)**	(11,162)
Adjustments for:			
Charge for employees' end of service benefits	*11*	**731**	287
		(9,464)	(10,875)
Changes in:			
- trade and other receivables		**(2,682)**	14,381
- due from related parties		**29,788**	(13,930)
- trade and other payables		**(22,040)**	13,039
- due to related party		**(112)**	112
Net cash (used in) / from operating activities		**(4,510)**	2,727
Net (decrease) / increase in cash and cash equivalents		**(4,510)**	2,727
Cash and cash equivalents at beginning of the year		**5,196**	2,469
Cash and cash equivalents at end of the year	*14*	**686**	5,196

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of changes in equity

For the year ended 31 December

	Share Capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2020	150,000	3,292	(46,811)	106,481
Total comprehensive income for the year	-	-	-	-
Loss for the year	-	-	(11,162)	(11,162)
At 31 December 2020	150,000	3,292	(57,973)	95,319
At 1 January 2021	**150,000**	**3,292**	**(57,973)**	**95,319**
Total comprehensive income for the year	-	-	-	-
Loss for the year	-	-	(10,195)	(10,195)
At 31 December 2021	**150,000**	**3,292**	**(68,168)**	**85,124**

The notes on pages 9 to 26 form an integral part of these financial statements.

1 Reporting entity

Gulf Dunes LLC "the Company" is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on May 1, 2001 under the commercial registration no. 1684345.

The Company's 70% shares are held by Gulf Dunes LLC for the beneficial interest of Travel Circle Interational Ltd. ("the Parent Company") and 30% by Hani Bin Juman Ashour Rajab. The Ultimate Parent of the Company is Fairfax Financial Holdings Limited ("the Ultimate Parent Company"), a company registered in Toronto, Ontario, 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 2021, the Company incurred a loss after tax of OMR 10,195 (*2020: OMR 11,162*) and as at 31 December 2021 its accumulated losses amounted to OMR 68,168 (*2020: OMR 57,973*). The conditions indicate existence of events that cast doubt on the Company's ability to continue as going concern.

The global outbreak of the COVID-19 pandemic has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travelers (FIT) and leisure industry in which the Group is providing travel related services. COVID- 19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Company's business, financial support provided by the Ultimate Parent Company, and the degree to which it is affected by external factors and other financial and non-financial information available at the time of preparation of such forecasts.

Management as part of its assessment also considered and assessed the financial results and specifically, the cash flow position subsequent to the year end. The overall objective is to maintain the liquidity position of the Company to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the Ultimate Parent Company has provided a letter of support confirming that it will be providing all the necessary financial support to the Company in order to meet its working capital obligations in the foreseeable future.

Based on the above, management, Board of Directors and the Ultimate Parent Company are of the view that the Company will continue to have sufficient positive cash flows available in the foreseeable future to meet its liabilities and working capital commitments as and when they fall due in the foreseeable future. Accordingly, it is appropriate to prepare these financial statements as and for the year ended 31 December 2021 on a going concern basis.

2 Basis of accounting

a) Going concern (continued)

Due to the event of COVID 19 pandemic (Note 20), as the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on both financial statements and operations. The Management has projected future cash inflows which resulted in a slowdown in operations and taking necessary cost measures needed to sustain the Company ongoing operations. Management is of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Furthermore, the shareholders have confirmed their intention to provide financial support to the Company to enable it to continue in operations and to meet its obligations as and when they fall due, for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019.

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.

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.

3 Significant accounting policies

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

Revenue from contract with customers

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 when it transfers control over a service to a customer. This is generally the case on the date of arrival.

Any expected discounts to the customers are estimated and are netted off against transaction price as per the requirements of the accounting standard.

3 Significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

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.

3 Significant accounting policies (continued)

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.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

3 Significant accounting policies (continued)

Impairment (continued)

Financial instruments (continued)

The Company considers trade receivables to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

3 Significant accounting policies (continued)

Impairment (continued)

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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3 Significant accounting policies (continued)

Leases

At inception of a contract the Company assess whether a contract is or contain a lease. A contract is or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a). The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b). The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c). The Company has the right to direct the use of the asset. The Company has this right when it has the decision -making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
   - The Company has the right to operate the asset; or
   - The Company designed the asset in a way that predetermines how and for what purpose it will be used

At inception or on assessment of a contract that contains a lease component, the Company applies, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3 Significant accounting policies (continued)

Leases (continued)

Lease payments in the measurement of the lease liability comprise the following:

a). fixed payments, including in-substance fixed payments.
b). variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
c). amounts expected to be payable under a residual value guarantee; and
d). the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment's that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. All the lease contracts of the Company are short term contracts hence there is no impact of adoption of IFRS 16 on the Company's financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements in the period of initial application:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).

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.

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.

4 Financial risk management *(continued)*

Market risk *(continued)*

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 OMR, 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

	2021 **OMR**	2020 OMR
Staff salaries and benefits	**9,532**	4,958
Sponsorship fees	**5,348**	6,296
Legal and professional charges	**2,463**	1,943
Miscellaneous expenses	**254**	431
	17,597	13,628

7 Administrative and general expenses *(continued)*

The staff salaries and benefits comprises of:

	2021 **OMR**	2020 OMR
Salaries and other related benefits	**8,801**	4,671
Employees' end of service benefits	**731**	287
	9,532	4,958

8 Trade and other receivables

	2021 **OMR**	2020 OMR
Prepayments	**2,314**	3,148
Advances to suppliers	**3,694**	-
Other receivables	**-**	178
	6,008	3,326

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 2021 were as follows:

Transactions with related parties

	2021 **OMR**	2020 OMR
Staff cost charged to a related party	**8,774**	**-**

Due from a related party

	2021 **OMR**	2020 OMR
Gulf Dunes LLC, Dubai	**88,662**	121,999
Muscat Desert Adventures Tourism LLC	**3,549**	**-**
	92,211	**121,999**

Due to a related party

	2021 **OMR**	2020 OMR
Muscat Desert Adventures Tourism LLC	-	112

9.1 Related party balance is interest-free and repayable on demand.

10 Trade and other payables

	2021 OMR	2020 OMR
Advance from customers	**10,943**	32,210
Accruals and other payables	**1,820**	2,593
	12,763	34,803

11 Employees' end of service benefits

	2021 OMR	2020 OMR
Balance at 1 January	**287**	-
Charge for the year	**731**	287
Balance at 31 December	**1,018**	287

12 Share capital

	2021 OMR	2020 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 274 of the Commercial Companies Law of 2019, 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 at bank

	2021 OMR	2020 OMR
Cash at bank	**686**	5,196

15 Contingent liabilities

The Company had no contingent liabilities at 31 December 2021 (*2020: OMR Nil*).

16 Taxes

a) The Company is liable to income tax at the rate of 15% of taxable profits as amended by Royal Decree No.9/2017.

	2021 OMR	2020 OMR
Current year	-	-
Prior years	-	-
Total tax expense for the year	-	-

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) Reconciliation

The following is tax reconciliation of income taxes calculated at applicable tax rate with income tax expense:

	2021 OMR	2020 OMR
Loss for the year	**(10,195)**	(11,162)
Income tax as per rates mentioned above	**(1,529)**	(1,674)
Non-deductible expenses	**969**	1,158
Deferred tax not recognized	**560**	516
Tax expense for the year	-	-

c) Status of the tax assessments

The Company's tax assessments for prior years have been finalized till 2017. From 2018 onwards, the tax assessment has not been finalized by the Taxation Authority. Management believes that additional taxes, if any, in respect of the open tax years would not be material to the Company's financial position as at 31 December 2021.

17 Financial instruments

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.

17 Financial instruments (continued)

Credit risk (continued)

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'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:

	2021 OMR	2020 OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	**-**	178
Cash at bank	**686**	5,196
Due from related parties	**92,211**	121,999
	----------	----------
	92,897	127,373
	====	====

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 2021	**Carrying amount OMR**	**Contractual cashflows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**1,820**	**(1,820)**	**(1,820)**
Due to a related party	**-**	**-**	**-**
	--------	---------	----------
	(1,820)	**(1,820)**	**(1,820)**
	=====	=====	=====

31 December 2020	Carrying amount OMR	Contractual cashflows OMR	1 year or less OMR
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	2,593	(2,593)	(2,593)
Due to a related party	112	(112)	(112)
	--------	---------	--------
	2,705	(2,705)	(2,705)
	====	=====	=====

17 Financial instruments (continued)

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.

18 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.

Fair value hierarchy

As at 31 December 2021, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

19 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

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.

(a) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(b) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

19 Use of judgments and estimates (continued)

(c) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract.

The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

20 Impact of COVID 19

The global outbreak of the Covid-19 virus has severely affected travel and the business tourism industry globally and Sultanate of Oman is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Management has implemented initiatives to mitigate the effect on the business of the Company including cost reduction by reducing the salaries of the employees and focusing on local tourism activities. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient financial resources available to continue to meet its financial commitments for the foreseeable future when they become due.

Reem Tours & Travels LLC

Financial Statements (Management)

31 December 2021

Reem Tours & Travels LLC

Statement of financial position

As at 31 December 2021

	31 December 2021 AED	31 December 2020 AED
Current assets		
Non-Interest Bearing Financial Assets	**-**	370,000
Due from Related Party – Desert Adventures	**608,868**	238,868
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

Peter Payet
CEO

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.

2) Basis of accounting

a) Statement of compliance

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

b) Basis of measurement

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates 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 estimates are recognized prospectively.

3(a) Changes in significant accounting policies

The Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have any material effect on the Company's financial statements.

Application of IFRS-9 and IFRS-15 did not have any material financial impact on the Company's financial statements.

3(a).2 *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted the consequential amendments to IAS 1 Presentation of Financial Statements, which require the charge for impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in administrative and general expenses.

(i) *Classification and measurement of financial assets and financial liabilities*

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 and loss account (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The application of IFRS 9 has not had any material financial impact effect on the Company's financial statements.

(ii) *Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 did not have any material financial impact on the allowance for impairment.

Transition

Changes if any, in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

3(b) Significant accounting policies

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

Financial instruments
Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Policy applicable from 1 January 2018 (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets – Policy applicable prior to 1 January 2018

The Company has classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
    - held for trading;
    - derivative hedging instruments; or
    - designated as at FVTPL.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses: Policy applicable prior to 1 January 2018 (continued)

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.
Held-to-maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

3(b) Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities(continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets - Policy applicable from 1 January 2018

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Financial instruments (continued)

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

Financial instruments (continued)

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- 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 would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by Companying together assets with similar risk characteristics.

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

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

3(b) Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets - Policy applicable from 1 January 2018 (continued)

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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

PKF

PRIVATE SAFARIS (EAST AFRICA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	: Madhavan Karunakaran Menon (Indian) : Alexander Andor Spiro (Swiss)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: 2nd floor, Oilibya Plaza : Muthaiga : P.O. Box 16913, 00620 : NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya LLP : 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 Kenya Limited : NAIROBI

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2021, 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 2021 the total revenue of the company increased from Shs. 320,366,424 to Shs. 659,251,070. This increase is as a result of the Covid 19 pandemic in the prior year.

Key performance indicators	2021	2020
Turnover (Shs '000)	659,251	320,366
Gross profit (Shs '000)	111,259	80,382
Gross profit margin (%)	17%	25%
(Loss) for the year (Shs '000)	(23,257)	(81,960)

PRINCIPAL RISKS AND UNCERTAINTIES

Kenya's economy is the largest in East and Central Africa, and has experienced considerable growth in 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.

Impact of covid-19 on the company's operations
The coronavirus (COVID-19) pandemic continued the second year with unprecedented crisis in the economy. The impact of the crisis is being felt by most of the industries. The sector most hard hit is the travel and tourism industry.

In addition the UK put Kenya on the so called red list hence no business from UK in third quarter despite it being Kenya's peak season and key source market.

By end of year, a new variant of the Covid Pandemic, the OMICRON, hit and prolonged this crisis till end of year and beyond.

- Lifting travel restrictions. Lifting Red list for UK Travelers in November.
- Issuance new standard operating procedures including the health protocols for safe travel.
- Allowing all countries including Romania to enter Kenya without Quarantine - resulting in successfully launching Romanian Charter in March 2021.
- Most of Source Markets gradually growing, but numbers way below 2019 levels.

Political stability
The country experienced continued political stability throughout the year. The tourism environment has enjoyed the stability and consequently contributed to the recorded growth.

Security situation
The security situation remained stable in the year with sustained investment in the same by the Government.

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 21 to the financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: Nil).

DIRECTORS

The directors who held office during the year and 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 LLP continues in office in accordance with the company's Articles of Association and Section 719 of the companies Act, 2015. The director monitors the effectiveness, objectivity and independence of the auditor. The director also approves the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD

DIRECTOR

31st MAY 2022

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 2021 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.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

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 31st MAY 2022 and signed on its behalf by:

DIRECTOR **DIRECTOR**

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 36, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 schedules of cost of sales 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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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 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 have 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 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 International Standards on 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 matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Ritesh Haresh Mirchandani, Practising certificate No 1631

Ritesh

For and behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

28 June **2022**

560/22

STATEMENT OF PROFIT OR LOSS

	Notes	2021 Shs '000	2020 Shs '000
Revenue from contracts with customers	1	659,251	320,366
Cost of sales		(547,992)	(239,985)
Gross profit		111,259	80,382
Other operating income	2	1,632	4,681
Interest earned from fixed deposits		512	452
Net impairment (loss) on financial and contract assets	21 (b)	(457)	(2,249)
Administrative expenses		(110,823)	(120,170)
Other operating expenses		(25,453)	(27,318)
Operating (loss)	3	(23,330)	(64,222)
Finance income	5	227	1,643
(Loss) before tax		(23,103)	(62,579)
Tax	6	(154)	(19,381)
(Loss) for the year		(23,257)	(81,960)
(Loss) per share			
- basic and diluted (Shs.)	7	(7)	(26)

The notes on pages 12 to 36 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 2021 Shs '000	2020 Shs '000
CAPITAL EMPLOYED			
Share capital	8	356,270	356,270
Retained earnings		(259,441)	(236,184)
Shareholders' funds		96,829	120,086
Non-current liabilities			
Lease liabilities	9	7,299	4,420
		104,128	124,506
REPRESENTED BY			
Non-current assets			
Deferred tax	10	113,326	113,326
Property and equipment	11	20,815	30,527
Intangible assets	12	492	542
Right-of-use assets	13	14,679	8,707
		149,312	153,102
Current assets			
Inventories	14	1,296	4,202
Trade and other receivables	15	60,144	51,275
Cash and cash equivalents	16	83,271	54,135
Tax recoverable		48,035	47,985
		192,746	157,597
Current liabilities			
Trade and other payables	17	191,619	181,602
Borrowings	18	38,471	-
Lease liabilities	9	7,840	4,592
		237,930	186,193
Net current (liabilities)		(45,184)	(28,596)
		104,128	124,506

The financial statements on pages 8 to 36 were approved and authorised for issue by the Board of Directors on 31st MAY 2022 and were signed on its behalf by:

_______________ DIRECTOR　　　　_______________ DIRECTOR

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Shs '000	Preference share capital Shs '000	Retained earnings Shs '000	Total Shs '000
Year ended 31 December 2020				
At start of year	62,500	293,770	(154,224)	202,046
(Loss) for the year	-	-	(81,960)	(81,960)
At end of year	62,500	293,770	(236,184)	120,086
Year ended 31 December 2021				
At start of year	62,500	293,770	(236,184)	120,086
(Loss) for the year	-	-	(23,257)	(23,257)
At end of year	62,500	293,770	(259,441)	96,829

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

STATEMENT OF CASH FLOWS

	Notes	2021 Shs '000	2020 Shs '000
Operating activities			
Cash from operations	19	(4,557)	3,345
Tax paid		(204)	(220)
Net cash (used in)/from operating activities		(4,761)	3,125
Investing activities			
Purchase of property and equipment	11	(1,331)	(1,451)
Purchase of intangible assets	12	(498)	-
Interest received		512	452
Proceeds from disposal of property and equipment		1,609	4,095
Net cash from investing activities		291	3,096
Financing activities			
Payment of lease liabilities	9	(7,916)	(8,255)
Proceeds from borrowings	18	38,471	-
Net cash from/(used in) financing activities		30,555	(8,255)
Increase/(decrease) in cash and cash equivalents		26,085	(2,033)
Movement in cash and cash equivalents			
At start of year		54,135	52,997
Increase/(decrease)		26,085	(2,033)
Effect of exchange rate changes		3,050	3,172
At end of year	16	83,271	54,135

The notes on pages 12 to 36 form an integral part of these financial statements.

Report of the independent auditor - pages 5 to 7.

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.

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. The statement of financial position represents the balance sheet referred to in the Act.

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention and are in accordance 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 21 and disclosures in respect of capital management are set out in Note 22.

Going concern and the impact of COVID-19 on the operations of the company

Kenya's tourism industry has started to pull out of its deep COVID-19-induced slump. The business for 2022 is well on course and already above budgeted numbers. The company is optimistic that current sales in terms of forward bookings into this year 2022, will together with the postponed business from previous years, reach 2019 levels, or even surpass it. This is in line with worldwide trends of normalisation in tourism and this is because the majority of masses are vaccinated and international visitors regained faith to travel, especially to our destination. In addition, there are no restrictions to visit Kenya. Even hosting major sporting events specifically the WRC - Safari Rally and the World Athletics Under 20 helped a lot to rebuild confidence in destination Kenya and the Peak Season starting from June 2022 all the way till end of October 2022 is practically fully booked. There is hardly any rooms available in this period in East Africa.

The ultimate shareholder has also agreed to support the company to meet its financials obligations as they fall due and as a result, the financial statements have been prepared on a going concern basis.

New standards, amendments and interpretations adopted by the company

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

New standards, amendments and interpretations adopted by the company (continued)

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the company. The company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

ii) **New standards, amendments and interpretations issued but not effective**

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:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021)

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and change in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) **Basis of preparation (continued)**

ii) **New standards, amendments and interpretations issued but not effective (continued)**

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Amendment to IAS 41 Agriculture 'Taxation in fair value measurements' (issued in May 2020), effective for annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted, removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

NOTES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Significant accounting judgements, estimates and assumptions**

In the application of the accounting policies, the directors are required to make 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 amount of assets and liabilities within the next financial year.

- **Measurement of expected credit losses (ECL):**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing company's of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- **Stage 1** - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- **Stage 2** - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

- **Stage 3** - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Significant accounting judgements, estimates and assumptions (continued)**

- **Measurement of expected credit losses (ECL): (continued)**

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

- **Useful lives, depreciation methods and residual values of property and equipment, intangible assets and right-of-use assets**

Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment, intangible assets and right-of-use on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amount of property and equipment, intangible assets and right-of-use assets are disclosed in notes 11, 12 and 13, respectively.

- **Accounting for leases under IFRS 16**

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the company:
- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices and stores, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Significant accounting judgements, estimates and assumptions (continued)**

- **Accounting for leases under IFRS 16 (continued)**

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 9 and 13, respectively

- **Recognition of deferred income tax on tax losses**

The company has partially 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. In the current financial year, the company has not recognised an additional deferred tax asset arising from tax losses incurred during the year.

c) **Revenue recognition**

The company recognises revenue from direct sales of tour operations. The company recognises revenue as and when it satisfies a performance obligation by transferring control of a service to a customer. The amount of revenue recognised is the amount the company expects to receive in accordance with the terms of the contract and excludes amounts collected on behalf of third parties.

Direct sales of tour operations
The company's revenue is measured as the aggregate amount of gross revenue receivable from inclusive tours, airline travel services, hotel services, travel agency commissions and other travel services supplied to customers in the ordinary course of business. The company records revenue on a net basis after deducting discounts and rebates.

Other income

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.

d) **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 translated using the exchange rates at the dates of the initial transactions.

The resulting differences from settlement and translation of monetary items are dealt with in profit or loss in the year in which they arise.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Financial instruments**

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

- ***Financial assets***

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following categories:

- **Amortised cost:**
  Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost:
- Cash and cash equivalents
- Trade and other receivables

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Financial instruments (continued)**

Impairment (continued)

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

- ***Financial liabilities***

All financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

- **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.

f) **Property and equipment**

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated 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 %
Leasehold improvements	20%
Furniture and fittings	20%
Motor vehicles	20%
Computers equipment	33%

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) **Property and equipment (continued)**

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate,.

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.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/(loss). On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

g) **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

i) **Computer software**

Computer software licences 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 five years.

ii) **Trade marks**

Trade marks are shown at historical cost. Trade marks 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 over their estimated useful lives.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is recognised in profit or loss.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on direct purchase value. Net realisable value is the estimate of the selling price in the ordinary course of business less the selling expenses.

i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

NOTES (CONTINUED)

	2021 Shs '000	2020 Shs '000
1. Revenue from contracts with customers		
Sale of safari packages	659,251	320,366
2. Other operating income		
Gain on disposal of property and equipment	1,584	2,916
Other income	48	1,765
	1,632	4,681

3. Operating (loss)

The following items have been charged in arriving at the operating (loss):

	2021 Shs '000	2020 Shs '000
Depreciation on property and equipment (Note 11)	11,022	11,461
Amortisation of intangible assets (Note 12)	545	1,600
Depreciation on right of use assets (Note 13)	8,070	8,058
Staff costs (Note 4)	72,291	81,622
Director's remunaration	11,985	7,568
Auditors' remuneration		
- current year	1,476	1,561
Repairs and maintenance	3,219	3,039

4. Staff costs

	2021 Shs '000	2020 Shs '000
Salaries and wages	62,014	70,990
Other staff costs	10,109	10,451
Pension costs: National Social Security Fund	168	181
	72,291	81,622

The average number of persons employed during the year, by category, were:	2021 No	2020 No
Management and administration	70	71

5. **Finance (income)**	2021 Shs '000	2020 Shs '000
Lease liabilities interest (Note 9)	1,652	1,528
Interest expense on shareholder's loan (Note 20)	1,171	-
Foreign exchange (gain)/loss:		
- realised loss	1,285	349
- unrealised (gain)	(4,335)	(3,520)
Total finance (income)	(227)	(1,643)

NOTES (CONTINUED)

6. **Tax**	**2021 Shs '000**	**2020 Shs '000**
Current tax	154	113
Deferred tax charge (Note 10)	-	19,268
	154	19,381

The tax on the company's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:

(Loss) before tax	(23,103)	(62,579)
Tax calculated at a tax rate of 30% (2020: 25%)	(6,931)	(15,645)
Tax effect of:		
- expenses not deductible for tax purposes	1,280	424
- effect of differential tax rate	-	(2,440)
- effect of deferred tax not recognised (Note 10)	5,805	37,042
Tax charge	154	19,381

7. **(Loss) per share**

Basic (loss) per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2021 Shs	**2020 Shs**
(Loss) attributable to equity holders (Shs.)	(23,257,000)	(81,960,000)
Weighted average number of ordinary shares (Number)	3,125,000	3,125,000
(Loss) per share (Shs).	(7)	(26)

8. **Share capital**	**2021 Shs '000**	**2020 Shs '000**
Authorised		
3,250,000 (2020: 3,250,000) ordinary shares of Shs. 20 each	65,000	65,000
2,937,695 (2020: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	358,770	358,770
Issued and fully paid:		
3,125,000 (2020: 3,125,000) ordinary shares of Shs. 20 each	62,500	62,500
2,937,695 (2020: 2,937,695) 6% non-cumulative redeemable preference shares of Shs. 100 each	293,770	293,770
	356,270	356,270

The preference share are non-cumulative and only redeemable within a period of 20 years from the issue date (being 21 December 2017) if the company has not exercised its option to convert such shares to ordinary equity before such period elapses. The company holds the option for conversion of such shares at a predetermined number and valuation at any time over this period

9. **Lease liabilities**	**2021 Shs '000**	**2020 Shs '000**
Non-current	7,299	4,420
Current	7,840	4,592
	15,139	9,012

Reconciliation of lease liabilities arising from financing activities:

At start of year	9,012	11,407
Interest charged to profit or loss (Note 5)	1,652	1,528
Cash flows:		
- Amounts financed through leases	14,043	5,860
- Payments under leases	(9,568)	(9,783)
At end of year	15,139	9,012

Lease liabilities are unsecured.

The leases expiring within one year are subject to review at various dates during the next financial year.

The exposure of the company's leases to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2021 Shs '000	**2020 Shs '000**
6 months or less	3,717	4,257
6 - 12 months	4,123	435
1 - 2 years	7,299	4,320
	15,139	9,012

Weighted average effective interest rates at the reporting date was:	**2021 %**	**2020 %**
Lease liabilities	11.5% - 14%	11.5% - 14%

The carrying amounts of the company's lease liabilities are denominated in Kenya Shillings.

Maturity based on the repayment structure of lease liabilities is as follows:

Gross lease liabilities - minimum lease payments	**2021 Shs '000**	**2020 Shs '000**
Not later than 1 year	9,548	5,515
Later than 1 year and not later than 5 years	8,073	5,654
Total gross lease	17,621	11,169
Future interest expense on leases liabilities	(2,482)	(2,157)
Present value of lease liabilities	15,139	9,012

NOTES (CONTINUED)

10. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2020: 30%). The movement on the deferred tax account is as follows:

	2021 Shs '000	**2020 Shs '000**
At start of year	(113,326)	(132,594)
Charge to profit or loss (Note 6)	-	19,268
At end of year	(113,326)	(113,326)

Deferred tax (assets) in the statement of financial position and deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year Shs '000	**Charge/(credit) to profit or loss Shs '000**	**At end of year Shs '000**
Deferred tax (assets)			
Property and equipment	(4,899)	(619)	(5,518)
Impairment loss	(1,265)	(74)	(1,339)
General provisions	(6,284)	3,543	(2,741)
Unrealised foreign exchange differences	1,056	245	1,301
Tax losses	(138,976)	(8,900)	(147,876)
Deferred tax asset not recognised	37,042	5,805	42,847
Net deferred tax (asset)	(113,326)	-	(113,326)

11. **Property and equipment**

Year ended 31 December 2021

	Leasehold improvements Shs '000	Furniture and fittings Shs '000	Motor vehicles Shs '000	Computer equipment Shs '000	Total Shs '000
Cost					
At start of year	45,836	19,009	90,605	44,549	199,999
Additions	102	-	-	1,229	1,331
Disposals	-	-	(5,932)	(101)	(6,033)
At end of year	45,938	19,009	84,673	45,677	195,297
Depreciation					
At start of year	45,704	18,781	62,333	42,655	169,472
Disposals	-	-	(5,932)	(79)	(6,012)
Charge for the year	73	72	9,386	1,491	11,021
At end of year	45,777	18,852	65,787	44,066	174,482
Net book value	161	157	18,886	1,611	20,815

Year ended 31 December 2020

	Leasehold improvements 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	19,009	104,257	43,358	212,341
Additions	-	-	10	1,322	1,451
Disposals	-	-	(13,662)	(131)	(13,793)
At end of year	45,836	19,009	90,605	44,549	199,999
Depreciation					
At start of year	45,453	18,709	65,409	41,054	170,625
Disposals	-	-	(12,518)	(96)	(12,614)
Charge for the year	251	72	9,441	1,697	11,461
At end of year	45,704	18,781	62,333	42,655	169,472
Net book value	45,836	228	28,272	1,894	30,527

All additions during the year were made through cash payments.

NOTES (CONTINUED)

12. **Intangible assets**

	Trademarks Shs '000	Computer software Shs '000	2021 Shs '000	2020 Shs '000
Cost				
At start	304	25,722	26,026	26,026
Additions	103	395	498	-
Disposals	(221)	(26)	(247)	-
At end of year	186	26,091	26,277	26,026
Amortisation				
At start of year	243	25,241	25,484	23,884
Disposals	(221)	(23)	(244)	-
Charge for the year	27	518	545	1,600
At end of year	49	25,736	25,785	25,484
Net book value	137	355	492	542

Amortisation costs amounting to Shs. 545,084 (2020: Shs. 1,600,000) are included in other operating expenses.

13. **Right-of use assets**

	Leased buildings 2021 Shs '000	Leased buildings 2020 Shs '000
Cost		
At start of year	39,248	33,388
Additions	14,043	5,860
At end of year	53,291	39,248
Depreciation		
At start of year	30,542	22,484
Charge for the year	8,070	8,058
At end of year	38,612	30,542
Net book value	14,679	8,707

The company leases offices and stores. The leased offices and stores are typically for periods of between 1 and 5 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

In the statement of cash flows, the amount for payments for right-of-use assets represents:

	2021 Shs '000	2020 Shs '000
Additions, as above	14,043	5,860
Less: amounts financed through lease liabilities	(14,043)	(5,860)
	-	-

For information on the related lease liabilities, see Note 9.

14. **Inventories**	2021 Shs '000	2020 Shs '000
Park tickets	1,296	4,202

15. **Trade and other receivables**

	2021 Shs '000	2020 Shs '000
Trade receivables	5,657	9,519
Less: impairment provisions	(4,463)	(4,215)
Net trade receivables	1,194	5,304
Prepayments	1,164	278
Other receivables	57,749	45,306
Amount due from related parties (Note 20)	37	387
	60,144	51,275

	2021			2020		
	Gross amount Shs '000	ECL allowance Shs '000	Carrying amount Shs '000	Gross amount Shs '000	ECL allowance Shs '000	Carrying amount Shs '000
Trade receivables	5,657	(4,463)	1,194	9,519	(4,215)	5,304
Prepayments	1,164	-	1,164	278	-	278
Other receivables	57,749	-	57,749	45,306	-	45,306
Amount due from related parties	37	-	37	387	-	387
	64,607	(4,463)	60,144	55,490	(4,215)	51,275

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2021 Shs '000	2020 Shs '000
Kenya Shillings	53,945	41,377
Dollars	5,609	9,898
Euros	590	-
	60,144	51,275

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.

The company's credit risk arises primarily from trade receivables.

NOTES (CONTINUED)

16. **Cash and cash equivalents**

	2021 Shs '000	2020 Shs '000
Cash at bank and in hand	83,271	54,135

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

Expected credit loss provisions amount to Shs. 623,176 (2020: Shs. 413,684). An expected credit loss amounting to Shs. 209,492 (2020: Shs. 22,661) has been recognised under profit or loss.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2021 Shs '000	2020 Shs '000
Kenya Shillings	11,401	9,176
United States Dollar	55,825	40,579
Euro	16,033	4,380
GBP	12	-
	83,271	54,135

17. **Trade and other payables**

	2021 Shs '000	2020 Shs '000
Trade payables	13,054	70,645
Accruals for safaris	76,034	21,673
Deferred income	85,199	59,093
Accruals and other payables	13,058	22,230
Amount due to related party (Note 20)	4,273	7,961
	191,619	181,602

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:	2021 Shs '000	2020 Shs '000
Kenya Shillings	177,782	108,758
United States Dollar	9,820	62,684
Euro	68	2,378
Indian Rupees	3,778	7,782
ZAR	171	-
	191,619	181,602

NOTES (CONTINUED)

17. **Trade and other payables (continued)**

The maturity analysis of the trade and other payables is as follows:

Year ended 31 December 2021	Up to 3 months Shs '000	4 to 12 months Shs '000	Total Shs '000
Trade payables	12,521	533	13,054
Accruals for safaris	48,167	27,867	76,034
Deferred income	11,799	73,400	85,199
Accruals and other payables	9,163	3,893	13,057
Amounts due to related party	3,258	1,015	4,273
	84,909	106,709	191,618
Year ended 31 December 2020			
Trade payables	39,785	30,860	70,645
Accruals for safaris	-	21,673	21,673
Deferred income	3,094	55,998	59,093
Accruals and other payables	3,066	19,164	22,230
Amounts due to related party	-	7,961	7,961
	45,946	135,656	181,602

18. **Borrowings**

	2021 Shs '000	2020 Shs '000
Borrowings from shareholder (Note 20)	38,471	-

The borrowing facilities expiring within one year are subject to review at various dates during the next financial year.

Weighted average effective interest rates on shareholders loans at the reporting date was 2.58% to 6.26%

In the opinion of the directors, the carrying amounts of short-term borrowings approximate their fair value.

The carrying amounts of the company's borrowings are denominated in United States Dollar.

19. **Cash (used in)/from operations**

Reconciliation of (loss) before tax to cash (used in)/from operations:	2021 Shs '000	2020 Shs '000
(Loss) before tax	(23,103)	(62,579)
Adjustments for:		
Depreciation on property and equipment (Note 11)	11,022	11,461
Depreciation on right-of-use assets (Note 13)	8,070	8,058
Amortisation of intangible assets (Note 12)	545	1,600
(Gain) on disposal of property and equipment	(1,584)	(2,916)
Interest (income)	(512)	(452)
Net foreign exchange (gain) (Note 5)	(3,050)	(3,172)
Changes in working capital:		
- inventories	2,906	974
- trade and other receivables	(8,869)	102,170
- trade and other payables	10,018	(51,798)
Cash (used in)/from operations	(4,557)	3,345

NOTES (CONTINUED)

20. **Related party transactions and balances**

The company is controlled by Travel Circle International (Mauritius) Limited incorporated in Mauritius, which owns 100% of the company shares. The ultimate parent company is Travel Circle International (Mauritius) Limited incorporated in Mauritius.

The following transactions were carried out and balances held with related parties:	2021 Shs '000	2020 Shs '000
i) **Sale of goods and services to other related party**	-	2,464
ii) **Purchase of goods and services from other related party**	-	7,524
iii) **Interest charged on shareholders loan (Note 5)**	1,171	-
iv) **Key management compensation**		
Salaries and other short term benefits - directors	11,985	7,568
v) **Outstanding balances arising from sale and purchase of goods/services/property/other transactions**		
Borrowings from shareholder (Note 18)	38,471	-
Amount due from related parties (Note 15) - Parent	37	387
Amount due to related parties (Note 17) - Other related parties	4,273	7,961

21. **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 under policies approved by the board of directors. 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, Sterling Pound and Euro. 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.

	2021 Shs '000	2020 Shs '000
Effect of loss - increase/(decrease)	4,785	(1,349)

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.

NOTES (CONTINUED)

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(a) **Market risk (continued)**

- *Interest rate risk*

The company's exposure to interest rate risk arises from lease liabilities.

The summary below shows the effect on post-tax profit had the interest rate on interest bearing liabilities increased by 1%. Had the interest rates decreased by the same margin, the effect would have been the opposite.

	2021 Shs '000	**2020 Shs '000**
Effect on loss - increase	396	303

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.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company companys financial assets on the basis of shared credit risk characteristics, such as:
- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

NOTES (CONTINUED)

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(b) **Credit risk (continued)**

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. Evidence that a financial asset is credit impaired include observable data about the the following events:
- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	**Lifetime expected credit losses Shs '000**
As at 31 December 2021	
Trade receivables	5,657
Cash and cash equivalents	83,685
Gross carrying amount	89,342
Loss allowance	(5,086)
Exposure to credit risk	84,256
Basis for measurement of loss allowance	
As at 31 December 2020	
Trade receivables	9,519
Cash and cash equivalents	54,526
Gross carrying amount	64,045
Loss allowance	(4,628)
Exposure to credit risk	59,417

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
b) financial assets that are credit impaired at the reporting date; and
c) trade receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

b) **Credit risk (continued)**

The age analysis of the trade receivables at the end of each year was as follows:

	Not past Shs '000	31 - 60 Shs '000	61 - 90 Shs '000	>90 Shs '000	>120 Shs '000	Total Shs '000
As at 31 December 2021	3,707	760	2,043	1,492	(2,345)	5,657
As at 31 December 2020	3,445	22	623	340	5,089	9,519

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance

	Lifetime expected credit losses		
	Trade receivables	Cash and cash equivalents	Total
Year ended 31 December 2021	Shs '000	Shs '000	Shs
At start of year	(4,215)	(414)	(4,629)
Changes relating to assets	(248)	(209)	(457)
At end of year	(4,463)	(623)	(5,086)
Year ended 31 December 2020			
At start of year	(1,989)	(391)	(2,380)
Changes relating to assets	(2,226)	(23)	(2,249)
At end of year	(4,215)	(414)	(4,629)

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

Notes 17 and 9 disclose the maturity analysis of trade and other payables and lease liabilities respectively.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The key assumptions made in the maturity profile are:

- changes in interest rates have not been accounted for as these cannot be predicted;
- changes in foreign exchange rates have not been accounted for as these cannot be predicted; and
- the borrowings will be repaid based on the repayment schedule agreed with the lenders.

NOTES (CONTINUED)

21. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(c) **Liquidity risk (continued)**

Year ended 31 December 2021	Interest rate %age	Within 1 year Shs '000	Between 1 - 5 years Shs '000	Total Shs '000
Non interest bearing liabilities:				
- Trade and other payables	-	191,618	-	191,618
Interest bearing liabilities				
- Lease liabilities	11.5% - 14%	9,548	8,073	17,621
- Borrowings	2.58% - 6.26%	39,642	-	39,642
		201,166	8,073	209,239
Year ended 31 December 2020				
Non interest bearing liabilities:				
- Trade and other payables	-	181,602	-	181,602
Interest bearing liabilities				
- Lease liabilities	11.5% - 14%	5,515	5,654	11,169
		187,117	5,654	192,771

22. **Capital management**

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- 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.

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 directors bonuses or dividends paid.

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**

The financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF DIRECT COSTS AND EXPENDITURE

1. DIRECT COSTS	2021 Shs '000	2020 Shs '000
Accomodation and meals expenses	424,483	114,680
Entrance and parking fees	33,425	33,924
Transport	66,773	71,206
Fuel	6,612	3,224
Repairs and maintenance	2,252	2,301
Driver's allowance	2,453	1,652
Commission	4,152	5,592
Excursion and transport	4,786	5,340
Spare parts, tyres and tubes expenses	879	550
Other costs	2,177	1,516
Total direct costs	547,992	239,985

2. ADMINISTRATIVE EXPENSES

Employment:		
Salaries and wages	62,182	71,171
Staff medical	4,777	6,910
Staff training and recruitment	42	55
Other staff costs	5,290	3,486
Total employment costs	72,291	81,622
Other administrative expenses:		
Director's remuneration	11,985	7,568
Promotions and sales support	2,116	2,802
Printing and stationery	695	813
Postages and telephones	1,568	2,114
Travelling and entertainment	1,784	2,322
Audit fees:		
- current year	1,476	1,561
Computer expenses	12,371	13,518
Legal and professional fees	(17)	2,482
Secretarial charges	112	112
Subscriptions	281	265
Bank charges	1,694	1,219
Gifts and donations	30	10
Sales agent fees	3,686	2,063
Miscellaneous expenses	751	1,699
Total other administrative expenses	38,532	38,548
Total administrative expenses	110,823	120,170

SCHEDULE OF DIRECT COSTS AND EXPENDITURE (CONTINUED)

	2021 Shs '000	2020 Shs '000
3. OTHER OPERATING EXPENSES		
Establishment:		
Light and water	2,162	1,612
Service charge and parking	1,202	2,408
Licences	1,029	1,062
Security	271	267
Repairs and maintenance	185	112
Insurance	967	738
Amortisation of intangible assets	545	1,600
Depreciation on property and equipment	11,022	11,461
Depreciation on right of use assets	8,070	8,058
Total other operating expenses	25,453	27,318

4. FINANCE (INCOME)

	2021 Shs '000	2020 Shs '000
Interest expense on lease liabilities	1,652	1,528
Interest expense on shareholder's loan	1,171	-
Realised exchange losses	1,285	349
Unrealised foreign exchange (gain)	(4,335)	(3,520)
Total finance (income)	(227)	(1,643)

Desert Adventures Tourism LLC

Separate financial statements

31 December 2021

Desert Adventures Tourism LLC
Separate financial statements
31 December 2021

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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 2021.

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 2021 are stated below:

Financial highlights	**2021 AED**	2020 AED
Net Profit/(loss)	**1,847,625**	(7,451,601)
Total equity	**(42,973,214)**	(44,820,839)

REPRESENTATIONS AND AUDIT

There have been no material events subsequent to 31 December 2021, which require any adjustment or disclosure in these separate financial statements of the Company.

AUDITORS

KPMG Lower Gulf Limited is eligible for reappointment for 2022 and has expressed its willingness to continue in office. The director recommends the reappointment of KPMG Lower Gulf Limited as auditor of the Company for the year ending 31 December 2022.

On behalf of the Board

Salim Sikander
Chief Financial Officer

Peter Payet
Chief Executive Officer

Date: June 9, 2022

KPMG

KPMG Lower Gulf Limited
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Dubai, United Arab Emirates
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Independent auditors' report

To the Shareholder 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 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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 Matter

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2021 in accordance with IFRS on which we issued an auditors' report to the shareholders of the Group, dated 14 June 2022

KPMG
KPMG Lower Gulf Limited
P.O. Box: 3800, Dubai – UAE
Tel: 04 - 4030300

Other Information

Management is responsible for other information. The other information comprises the Directors' Report.

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 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 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 (as amended) 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 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 separate 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.

Auditors' Responsibilities 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'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.

KPMG Lower Gulf Limited

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

Date 14 JUN 2022

KPMG
KPMG Lower Gulf Limited
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Desert Adventures Tourism LLC

Separate statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2021** **AED**	2020 AED
Revenue	*4*	**227,728,999**	86,862,438
Cost of sales	*5*	**(210,744,814)**	(78,719,307)
Gross profit		**16,984,185**	8,143,131
Administrative and general expenses	*6*	**(16,052,269)**	(15,030,197)
Impairment loss on trade receivables	*12.1*	**(100,000)**	(422,186)
Other income	*8*	**2,117,502**	496,226
Results from operating activities		**2,949,418**	(6,813,026)
Finance income	*7*	**636,002**	306,587
Finance cost	*7*	**(1,737,795)**	(945,162)
Net finance cost		**(1,101,793)**	(638,575)
Profit / (loss) and total comprehensive income		**1,847,625**	(7,451,601)

The notes on pages 9 to 35 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

Separate statement of financial position

As at 31 December

	Notes	2021 AED	2020 AED
ASSETS			
Property and equipment	*9*	**612,441**	1,094,398
Intangible asset	*10*	**417,442**	583,111
Investment in subsidiaries	*11*	**1,435,575**	1,435,575
Non-current assets		**2,465,458**	3,113,084
Trade and other receivables	*12*	**22,969,079**	15,016,805
Due from related parties	*13*	**4,561,893**	3,583,116
Cash and cash equivalents	*14*	**2,853,817**	3,397,440
Current assets		**30,384,789**	21,997,361
Total assets		**32,850,247**	25,110,445
EQUITY AND LIABILITIES			
Equity			
Share capital	*15*	**300,000**	300,000
Statutory reserve	*17*	**150,000**	150,000
Shareholders contribution	*16*	**9,341,289**	9,341,289
Accumulated losses		**(52,764,503)**	(54,612,128)
Total equity		**(42,973,214)**	(44,820,839)
Liabilities			
Provision for employees' end of service benefits	*18*	**2,795,796**	2,773,463
Lease liability	*20*	**-**	445,771
Non-current liabilities		**2,795,796**	3,219,234
Trade and other payables	*19*	**57,376,415**	36,105,128
Due to related parties	*13*	**1,135,074**	5,095,236
Loan from Holding Group	*13*	**14,070,405**	7,425,078
Bank borrowings	*14.1*	**-**	17,655,074
Lease liability	*20*	**445,771**	431,534
Current liabilities		**73,027,665**	66,712,050
Total liabilities		**75,823,461**	69,931,284
Total equity and liabilities		**32,850,247**	25,110,445

To the best of our knowledge, the separate financial statements fairly presents, in all material respects, the separate financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

These separate financial statements were authorised for issue by the shareholders on June 9, 2022.

Chief Executive Officer

Chief Financial Officer

The notes on pages 9 to 35 are an integral part of these separate financial statements.
The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

Separate statement of cash flows

For the year ended 31 December

	Notes	**2021 AED**	2020 AED
Cash flows from operating activities			
Profit / (loss) for the year		**1,847,625**	(7,451,601)
Adjustments for:			
Depreciation on property and equipment	*9*	**596,603**	906,355
Amortisation on intangible asset	*10*	**165,669**	157,357
Provision for employees' end of service benefits	*18*	**513,612**	546,653
Impairment loss on trade receivables and contract assets	*12*	**100,000**	422,186
Interest expense on lease liability		**17,853**	44,722
Interest expense on loan from Holding Group		**607,991**	83,078
Interest expense on bank borrowings		**780,894**	536,864
Gain on sale of property and equipment		**108,000**	-
Net cash flows before working capital changes		**4,738,247**	(4,754,386)
Changes in:			
- trade and other receivables		**(8,052,274)**	31,618,701
- due from related parties		**(978,777)**	2,455,967
- due to related parties		**(3,960,162)**	3,245,201
- trade and other payables		**21,271,287**	(54,153,212)
Payment for employees' end of service benefits	*18*	**(491,279)**	(891,642)
Net cash from / (used in) operating activities		**12,527,042**	(22,479,371)
Cash flows from investing activities			
Acquisition of property and equipment	*9*	**(114,646)**	(904,900)
Proceeds from disposal of property and equipment		**108,000**	1,343,005
Acquisition of intangible asset	*10*	**-**	(104,792)
Net cash (used in) / from investing activities		**(6,646)**	333,313
Cash flows from financing activities			
Proceeds from loan from Holding Group		**9,948,410**	7,342,000
Repayment of loan from Holding Group		**(3,911,074)**	-
Proceeds from bank borrowings		**-**	17,655,074
Repayment of bank borrowings		**(17,655,074)**	-
Repayment of interest on bank borrowings		**(780,894)**	(536,864)
Payment of lease liabilities		**(449,387)**	(978,151)
Net cash (used in) / from financing activities		**(12,848,019)**	23,482,059
Net (decrease) / increase in cash and cash equivalents		**(543,623)**	1,336,001
Cash and cash equivalents at beginning of the year		**3,397,440**	2,061,439
Cash and cash equivalents at end of the year	*14*	**2,853,817**	3,397,440

The notes on pages 9 to 35 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 - 4.

Desert Adventures Tourism LLC

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
At 1 January 2020	300,000	150,000	9,341,289	(47,160,527)	(37,369,238)
Total comprehensive loss for the period					
Loss for the year	-	-	-	(7,451,601)	(7,451,601)
At 31 December 2020	300,000	150,000	9,341,289	(54,612,128)	(44,820,839)
At 1 January 2021	**300,000**	**150,000**	**9,341,289**	**(54,612,128)**	**(44,820,839)**
Total comprehensive income for the period					
Profit for the year	**-**	**-**	**-**	**1,847,625**	**1,847,625**
At 31 December 2021	**300,000**	**150,000**	**9,341,289**	**(52,764,503)**	**(42,973,214)**

The notes on pages 9 to 35 are an integral part of these separate 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 AED 300,000 divided into 100 shares of AED 3,000 / share.

The shareholding of the Company as at 31 December 2021 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.

The principal business activity of the Company is providing travel and tourism related services. The Company secures access to hotel accommodation and other travel and tourism related activities and sells it to customer who generally are 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 company of the Group is Fairfax Financial Holdings Limited with a registered address at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada.

The Company has not purchased any shares during the year.

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. These separate 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

During the year ended 31 December 2021, the Company reported a net profit of AED 1,847,625 and as 31 December 2021 *(2020: loss AED 7.45 million)*, net current liabilities of AED 42.65 million *(2020: AED 44.72 million)* and has net liabilities and accumulated losses amounting to AED 42.97 million and AED 52.76 million, respectively as of the reporting date. The global outbreak of the COVID-19 pandemic, subsequent to the period end, has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travel (FIT) and leisure industry in which the Company is providing related travel related services. COVID-19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Group's business, financial support provided by the parent company, and the degree to which it is affected by external factors and other financial and non-financial information available at the time of preparation of such forecasts.

2 Basis of accounting (continued)

b) Going concern *(continued)*

Management as part of its assessment also considered and assessed the financial results and specifically the cash flow position subsequent to the yearend. The overall objective is to maintain the liquidity position of the Company to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the parent company has provided a letter of support confirming that it will be providing all the necessary financial support to the Company in order to meet its working capital obligations in the foreseeable future.

Based on the above, management, Board of Directors and the parent company are of the view that the Company will continue to have sufficient positive cash flows available in the foreseeable future to meet its liabilities and working capital commitments as and when they fall due in the foreseeable future. Accordingly, it is appropriate to prepare these financial statements as and for the year ended 31 December 2021 on a going concern basis.

c) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB).

d) Basis of measurement

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

e) Functional and presentation currency

The separate financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional currency.

f) Use of estimates and judgments

The preparation of the separate financial statements in conformity with IFRS requires management to make judgments and estimates 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 estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in these separate financial statements are disclosed in note 24.

3 Summary of 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 includes hotel accommodation, transfers, visa services and other tourism and travel related services. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and; - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance; - Hotel accommodation on the date hotel check in; - Transfers on the date of arrival; - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.
Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

3 Summary of Significant Accounting Policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Summary of 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 recognized 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 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 costs of day-to-day servicing of property and equipment are recognized in the profit or loss as incurred.

Depreciation

Depreciation is recognized 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.

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 amortization and any accumulated impairment losses if any.

Subsequent expenditure
Subsequent expenditure is capitalized 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 recognized in profit or loss as incurred.

Amortization
Amortization 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 estimated useful lives for current and comparative are 5 years.

3 Summary of Significant Accounting Policies (continued)

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets

Financial instruments (continued)

- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- 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 would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

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

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

3 Summary of Significant Accounting Policies (continued)

Impairment (continued)

Non-derivative financial assets

Financial instruments (continued)

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was 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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

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 Summary of Significant Accounting Policies (continued)

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 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.

Intercompany recharges

Intercompany expenses are recharged to related parties at arm's length price. Charges mainly includes Salaries and Other Admin expense including IT system cost as paid by / charged to the Company.

Contract assets

The contract assets are recognized for the Company's rights to consideration for services provided to the customer but not billed at the reporting date. The amount is netted with the expected credit losses, if any. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customers.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

3 Summary of Significant Accounting Policies (continued)

Leases (continued)

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

3 Summary of Significant Accounting Policies (continued)

Standards issued but not yet effective (continued)

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).

4 Revenue

Revenue from contract with customers is disaggregated by major products and service lines and timing of revenue recognition.

	2021 AED	2020 AED
Tourism and related services	**218,651,276**	81,597,669
Tour packages	**6,196,397**	3,589,190
Hotel commissions	**2,881,326**	1,675,579
	227,728,999	86,862,438
Geographical markets		
United Arab Emirates	**227,728,999**	86,862,438
Timing of revenue recognition		
Revenue recognized at a point in time	**227,728,999**	86,862,438
Contract balances		
Receivables, which are included in "trade receivables and other receivables" (Note 12) - net	**8,540,738**	3,169,938

5 Cost of sales

	2021 AED	2020 AED
Tourism and related services	**205,789,085**	75,547,752
Tour Packages	**4,955,729**	3,171,555
	210,744,814	78,719,307

6 Administrative and general expenses

	2021 AED	2020 AED
Staff salaries and related benefits	**11,566,308**	10,575,767
IT expenses	**1,022,428**	1,197,762
Depreciation (refer note 9.1)	**596,603**	906,355
Advertisement and business promotion	**840,189**	599,197
Office expense	**349,959**	386,172
Rent expense	**125,904**	179,208
Travel expense	**88,453**	107,918
Amortisation (refer note 10)	**165,669**	157,357
Other expenses	**1,296,757**	920,461
	16,052,269	15,030,197

7 Net finance cost

	2021 AED	2020 AED
Finance income		
Net foreign exchange gain	**634,664**	295,788
Interest income	**1,338**	10,799
Total finance income	**636,002**	306,587
Finance cost		
Bank charges	**(227,614)**	(154,960)
Interest on lease liabilities (note 20)	**(17,853)**	(44,722)
Interest on loan from Holding Group (note 13)	**(607,991)**	(83,078)
Interest on bank borrowings	**(780,894)**	(536,864)
Other charges for corporate guarantee	**(103,443)**	(125,538)
Total finance cost	**(1,737,795)**	(945,162)
Net finance costs recognized in profit or loss	**(1,101,793)**	(638,575)

8 Other income - net

	2021 AED	2020 AED
Expenses recharged to associated companies	**600,000**	817,735
Expenses recharged by associated companies	**(249,727)**	(536,122)
Commission on virtual cards	**1,659,229**	214,613
Gain on sale of fixed assets	**108,000**	-
	2,117,502	496,226

9 Property and equipment

	Motor vehicles AED	Furniture, fixtures and equipment AED	Leasehold improvements AED	Leased office premises AED	Total AED
Cost					
Balance at 1 January 2020	2,624,877	699,459	1,555,326	2,167,274	7,046,936
Additions	-	10,264	-	894,636	904,900
Disposals	-	(217,194)	(400,617)	(2,167,274)	(2,785,085)
Balance at 31 December 2020	2,624,877	492,529	1,154,709	894,636	5,166,751
Balance at 1 January 2021	**2,624,877**	**492,529**	**1,154,709**	**894,636**	**5,166,751**
Additions	**48,000**	**66,646**	**-**	**-**	**114,646**
Disposals	**(195,627)**	**-**	**-**	**-**	**(195,627)**
Balance at 31 December 2021	**2,477,250**	**559,175**	**1,154,709**	**894,636**	**5,085,770**
Depreciation					
Balance at 1 January 2020	2,498,997	659,094	1,233,259	216,728	4,608,078
Charge for the year	43,427	19,246	200,349	643,333	906,355
Disposals	-	(217,194)	(400,617)	(824,269)	(1,442,080)
Balance at 31 December 2020	2,542,424	461,146	1,032,991	35,792	4,072,353
Balance at 1 January 2021	**2,542,424**	**461,146**	**1,032,991**	**35,792**	**4,072,353**
Charge for the year	**35,502**	**24,611**	**107,070**	**429,420**	**596,603**
Disposals	**(195,627)**	**-**	**-**	**-**	**(195,627)**
Balance at 31 December 2021	**2,382,299**	**485,757**	**1,140,061**	**465,212**	**4,473,329**
Net book value					
At 31 December 2021	**94,951**	**73,418**	**14,648**	**429,424**	**612,441**
At 31 December 2020	82,453	31,383	121,718	858,844	1,094,398

9.1 Allocation of depreciation expense

	2021 AED	2020 AED
Depreciation expense related to administration (refer note 6)	**596,603**	906,355

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10 Intangible asset - Software

	2021 AED	2020 AED
Cost		
As at 1 January	**2,080,968**	1,976,175
Additions	**-**	104,792
As at 31 December	**2,080,968**	2,080,968
Amortisation		
As at 1 January	**1,497,857**	1,340,500
Charge for the period	**165,669**	157,357
As at 31 December	**1,663,526**	1,497,857
Net book value as at 31 December	**417,442**	583,111

11 Investment in subsidiaries

The investment in subsidiaries are 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 2021	**1,435,575**	**-**	**1,435,575**
At 31 December 2020	1,435,575	-	1,435,575

Management carried out an impairment test of the carrying value of the subsidiaries as at 31 December 2021, based on these impairment test management, no impairment was made as the net assets of subsidiary was in excess of its carrying amount as at 31 December 2021.

12 Trade and other receivables

	2021 **AED**	2020 AED
Trade receivables	**11,699,529**	6,228,729
Provision for impairment loss on trade receivables (refer note 12.1)	**(3,158,791)**	(3,058,791)
	8,540,738	3,169,938
Other receivables and prepayments		
Advances to suppliers	**3,706,255**	2,391,295
Prepayments	**695,498**	742,360
Other receivables		
- Deposits	**5,600,425**	6,929,235
- Commission receivables	**3,336,060**	622,879
- Other receivables	**1,090,102**	1,161,098
	22,969,079	15,016,805

12.1 Provision for impairment loss on trade receivables

The movement in the provision for doubtful debts during the year is as follows:

	2021 **AED**	2020 AED
As at 1 January	**3,058,791**	2,636,605
Provision made during the year	**100,000**	422,186
As at 31 December	**3,158,791**	3,058,791

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:

	2021 **AED**	2020 AED
Sales to related parties	**8,498,149**	2,138,356
Expenses recharged to fellow subsidiaries (note 8)	**600,000**	817,735
Expenses recharged by fellow subsidiaries (note 8)	**(249,727)**	(744,200)
Loan acquired from Holding Company	**9,948,410**	7,342,000
Repayment of loan and interest loan from Holding Company	**(3,911,074)**	-

13 Related parties (continued)

The key management personnel compensation is as follows:

	2021 AED	2020 AED
Short-term employee benefits	**1,969,280**	1,323,421
Staff terminal benefits	**194,208**	155,766
	2,163,488	1,479,187

Due from related parties

	2021 AED	2020 AED
Entities under common ownership		
Gulf Dunes LLC	**3,973,956**	3,235,569
TC Visa Services (India) Ltd	**166,288**	170,053
SOTC Travel Limited	**352,704**	160,580
Asian Trails Holding Ltd	**-**	14,111
Kuoni Private Safaris Limited	**2,803**	2,803
Desert Adventures Tourism – Jordan	**63,848**	-
Digiphoto Entertainment Imaging (DEI)	**2,294**	-
	4,561,893	3,583,116

Due to related parties

	2021 AED	2020 AED
Subsidiaries of Company		
Desert Adventures Tourism – Jordan	**-**	2,501,664
Muscat Desert Adventures Tourism LLC	**235,385**	885,914
Entities under common ownership		
Thomas Cook (India) Limited [TCIL]	**204,540**	678,407
Reem Tours LLC	**608,868**	608,868
Jardin Travel Solutions Limited	**2,805**	244,874
TC Travel Services Limited	**67,094**	124,708
Horizon Travel Services	**7,779**	42,197
Travel Corporation (India) Limited	**5,969**	5,969
Australian Tours Management Pty Ltd	**2,635**	2,635
	1,135,075	5,095,236

13 Related parties (continued)

Loan from holding Company

The Company obtained a short-term facility to finance working capital requirements from Travel Circle International (Mauritius) Limited ("Holding Group"). This facility is unsecured and carries interest at the rate of 6 months LIBOR plus 100 basis points. The movement in the balance during the year ended 31 December 2021 is as follows:

	2021 AED	2020 AED
Opening balance	**7,425,078**	-
Proceeds from loan	**9,948,410**	7,342,000
Interest accrued during the year	**607,991**	83,078
Repayment of principal and interest	**(3,911,074)**	-
Closing balance	**14,070,405**	7,425,078

14 Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**150,849**	95,485
Cash at bank	**2,702,968**	3,301,955
	2,853,817	3,397,440

14.1 Bank borrowings

The Company has a facility to obtain short term loan from Standard Chartered Bank. This facility is secured over the assets of the Company and carries interest at the rate of LIBOR plus 515 basis points. The principal is payable on demand and interest is payable on monthly basis. The outstanding amount as at 31 December 2021 is Nil *(2020: AED* 17,655,074*)*.

15 Share capital

	2021 AED	2020 AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 Shareholder contribution

	2021 AED	2020 AED
Shareholder contribution	**9,341,289**	9,341,289

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. During the year no transfers were made to this reserve as the amount of the reserve has reached to the upper limit *(2020: AED nil)*.

18 Employees' end of service benefits

	2021 AED	2020 AED
As at 1 January	**2,773,463**	3,118,452
Provision during the year	**513,612**	546,653
Payments made during the year	**(491,279)**	(891,642)
As at 31 December	**2,795,796**	2,773,463

19 Trade and other payables

	2021 AED	2020 AED
Trade payables	**11,101,358**	18,311,963
Advances from customers	**15,790,177**	6,685,866
Accruals and other payables		
- Employees accruals	**1,118,817**	1,246,379
- Hotel and other service accruals	**27,693,900**	8,331,327
- Other payables	**1,672,163**	1,529,593
	30,484,880	11,107,299
	57,376,415	36,105,128

20 Lease liabilities

	2021 AED	2020 AED
Current	**445,771**	431,534
Non-current	**-**	445,771
Balance at 31 December	**445,771**	877,305

Set out below, are the carrying amounts of the Company's lease liabilities and the movements during the year:

	2021 AED	2020 AED
As at 1 January	**877,305**	1,810,734
Interest expense on lease liability (note 7)	**17,853**	44,722
Repayment of lease liability during the year	**(449,387)**	(978,151)
As at 31 December	**445,771**	877,305

20 Lease liabilities (continued)

Amount recognised in the profit or loss

	2021 AED	2020 AED
Interest on lease liability	**17,853**	44,722
Depreciation on right-of-use asset (refer note 9)	**429,420**	643,333
Expenses relating to low value assets, excluding short-term leases (refer note 6)	**125,904**	179,208
Balance at 31 December	**573,177**	867,263

Amounts recognised in the Statement of cash flows

	2021 AED	2020 AED
Repayment of lease liability	**(449,387)**	(978,151)

21 Contingencies and commitments

Bank guarantees

The Company has AED 716,238 *(2020: AED* 2,031,045.50*)* of bank guarantees as at 31 December 2021, these were issued during the normal course of business.

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.

22 Financial risk management (continued)

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) 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:

	2021 AED	2020 AED
Trade and other receivables *	**6,867,796**	11,883,149
Due from related parties	**4,561,893**	3,583,116
Cash at bank	**2,853,817**	3,301,955
	14,283,506	18,768,220

* Prepayments and advances are excluded.

At 31 December, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2021 AED	Carrying amount 2020 AED
Geographical regions		
Commonwealth of Independent States	**4,019,467**	349,588
Europe	**5,383,238**	1,846,653
Middle East	**269,311**	2,239,767
Asia	**1,098,970**	972,473
Others	**928,545**	820,249
Grand total	**11,699,530**	6,228,729

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22 Financial risk management *(continued)*

Credit risk *(continued)*

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2021 AED	**Credit impaired 2021 AED**	Not credit-impaired 2020 AED	Credit impaired 2020 AED
Not yet due	**6,696,710**	**-**	1,819,175	-
1-30 days	**1,844,029**	**126,553**	220,745	-
31- 90 days	**-**	**619,905**	1,023	-
91- 120 days and above	**-**	**2,412,333**	-	4,187,787
	------------	------------	--------------	-----------
Total gross carrying amount	**8,540,739**	**3,158,791**	2,040,942	4,187,787
Loss allowance	**-**	**(3,158,791)**	-	(3,058,791)
	------------	------------	--------------	-----------
	8,540,739	**-**	2,040,942	1,128,996
	=======	=======	========	======

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2021.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise large number of trade balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and industry.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2021.

	Gross carrying amount AED	**Loss allowance AED**	**Credit impaired**
Not yet due	**6,696,710**	-	No
1-30 days	**1,970,582**	**(126,553)**	**Yes**
31- 90 days	**619,905**	**(619,905)**	**Yes**
91- 120 days and above	**2,412,333**	**(2,412,333)**	**Yes**
	--------------	--------------	
Total	**11,699,530**	**(3,158,791)**	
	========	========	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

22 Financial risk management (continued)

Credit risk (continued)

Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

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:

2021	**Carrying Amount AED**	**Contractual cash out flows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables*	**41,586,238**	**(41,586,238)**	**(41,586,238)**	**-**
Lease liability	**445,771**	**(445,771)**	**(445,771)**	**-**
Due to related parties	**1,135,074**	**(1,135,074)**	**(1,135,074)**	**-**
	43,167,083	**(43,434,528)**	**(43,434,528)**	**-**

2020	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED	More than 1 year AED
Non derivative financial liabilities				
Trade and other payables*	29,419,263	(29,419,263)	(29,419,263)	-
Lease liability	877,305	(877,305)	(431,534)	(445,534)
Due to related parties	12,520,314	(12,520,314)	(12,520,314)	-
	42,816,882	(42,816,882)	(42,371,111)	(445,534)

* *(excluding advances from customers)*

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.

22 Financial risk management (continued)

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 instruments	**2021**	2020
	AED	AED
Financial liabilities (loan from holding company)	**14,070,405**	7,425,078
Financial liabilities (bank borrowings)	**-**	17,655,074
	14,070,405	25,080,152

A reasonably possible change of 100 basis points in interest rates at the reporting date would have decreased equity for increased loss by AED 56,817 *(2020: AED 249,997)*. This analysis assumes that all other variables remain constant.

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 2021, there are no financial instruments carried at fair value by valuation method.

24 Use of judgments and estimates (continued)

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties (continued)

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.

(a) Impairment losses on receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 22.

Elements of the ECL models that are considered accounting judgments and estimates include:
- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 22.

(b) Going concern assumption

The Company's management has performed a preliminary assessment of the Company's ability to continue as a going concern, which covers a period of twelve months from the financial position date. The Company's management has prepared its business forecast and the cash flow forecast for the twelve months from the statement of financial position date on a conservative basis. The forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts. On the basis of such forecasts, the Company's management is of the opinion that the Company will be able to continue its operations for the next twelve months from the financial position date and that the going concern assumption used in the preparation of these separate financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed on each reporting date.

(c) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

24 Use of judgments and estimates (continued)

(d) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

(e) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract. The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

(f) Lease term

In determining the lease term, management considers facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if lease is reasonably certain to be extended. The factors considered most relevant include significant penalties to not extend, leasehold improvements remaining net book value, business disruption and availability of alternative options.

25 COVID-19 coronavirus pandemic

In 2020, the global outbreak of the Covid-19 coronavirus has severely impacted businesses and economies worldwide. The Covid-19 outbreak has been considered a Pandemic and may impact the business operations of the customers, which in turn impacts our business. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full duration and the extent of the full economic impact as of now. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant.

The progress in producing and administering vaccines through the first half of 2021 has raised prospects that social distancing rules could be relaxed or removed, which could improve economic activity. In the second half of 2021, slowdown of infection cases has been seen while the late emergence of the Omicron variant of Covid-19 has led both private and public stakeholders to reconsider its preventive measures currently in place. However, the economic situation remains highly fluid globally and will be determined by factors that continue to evolve, such as availability of vaccines, resurgence of variants, success of support measures introduced by governments, the ability of business to manage their operations during these times and the effective of public policies intended to contain the spread.

Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2021 have been reflected in the financial performance for the year and considered in the financial position as at 31 December 2021.

26 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to conform to the current year's presentation. The reclassification of items is not considered material and does not impact the financial statement as at the beginning of the earliest comparative period. Thus a third statement of financial position at the beginning of the earliest comparative period has not been presented.

27 Subsequent event - impact of Geo-political situation in Common Wealth of Independent States (CIS)

Subsequent to year end, the Geo-political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. The extent to which this situation impacts the Group's business, operations, and financial results, including the duration and magnitude of such effects, will depend on numerous evolving factors that we may not be able to accurately predict or assess currently.

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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 2021.

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 2021 are stated below:

Financial highlights	**2021 AED**	2020 AED
Net loss	**(350,612)**	(836,134)
Total equity	**(5,593,234)**	(5,242,622)

Representations and audit

There have been no events subsequent to 31 December 2021, 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
CFO
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: June 7, 2022 Type text here

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
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Independent auditors' report

To the Shareholder of Gulf Dunes LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Gulf Dunes LLC ("the Company"), which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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 other information. The other information comprises the Directors' Report.

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 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 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 separate 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.

Auditors' Responsibilities 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'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 as amended, we report that for the year ended 31 December 2021:

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 as amended;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in note 1 to the financial statements, the Company has not purchased any shares during the year ended 31 December 2021;

vi) note 12 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

Report on Other Legal and Regulatory Requirements (continued)

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 31 December 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 as amended, its Articles of Association, which would materially affect its activities or its financial position as at
31 December 2021.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 07 JUN 2022

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	**2021 AED**	2020 AED
Revenue	*6*	**7,370,135**	6,634,770
Direct costs	*7*	**(5,712,704)**	(5,174,531)
Gross profit		**1,657,431**	1,460,239
Administrative and general expenses	*8.1*	**(2,071,967)**	(2,301,755)
Other Income	*8.2*	**24,021**	-
Finance income	*9*	**39,903**	5,382
Finance cost	*9*	**-**	-
Loss and total comprehensive income for the year		**(350,612)**	(836,134)

The notes on pages 10 to 29 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	**2021**	2020
		AED	AED
Assets			
Property and equipment	*10*	**8,292**	19,482
Right-of-use asset	*3*	**67,486**	134,962
Non-current assets		**75,778**	154,444
Trade and other receivables	*11*	**1,837,873**	580,479
Cash and cash equivalents	*17*	**245,430**	465,351
Current assets		**2,083,303**	1,045,831
Total assets		**2,159,081**	1,200,274
Equity and Liabilities			
Equity			
Share capital	*15*	**300,00**	300,00
Statutory reserve	*16*	**150,000**	150,000
Accumulated losses		**(5,593,234)**	(5,242,622)
Total equity		**(5,143,234)**	(4,792,622)
Liabilities			
Employees' end of service benefits	*14*	**193,765**	312,879
Lease liability – non-current		**-**	38,816
Non-current liabilities		**193,765**	351,695
Trade and other payables	*13*	**2,249,902**	1,165,918
Due to related parties	*12*	**4,819,832**	4,399,518
Lease liability – current		**38,816**	75,765
Current liabilities		**7,108,550**	5,641,201
Total liabilities		**7,302,315**	5,992,896
Total equity and liabilities		**2,159,081**	1,200,274

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

The notes on pages 10 to 29 are an integral part of these financial statements.

These financial statements were authorised for issue on behalf of the Company's shareholders on June 7, 2022

Director

Director

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	2021 AED	2020 AED
Cash flows from operating activities			
Loss for the year		**(350,612)**	(836,134)
Adjustments for:			
Depreciation and amortization	*10*	**11,190**	15,069
Depreciation on right-of-use assets	*8.1*	**67,476**	67,476
Gain on sale of property and equipment	*8.2*	**(7,620)**	-
Allowance for expected credit loss	*8.1*	**1,000**	5,602
Provision for employees' end of service benefits	*14*	**32,656**	60,757
Interest expense on lease liability	*9*	**2,285**	4,704
		(243,625)	(682,526)
Changes in:			
- trade and other receivables		**(1,258,394)**	1,317,299
- due to related parties		**420,314**	1,729,719
- trade and other payables		**1,083,984**	(2,353,350)
Payment of employees' end of service benefits	*14*	**(151,770)**	(10,668)
Net cash (used in) / from operating activities		**(149,491)**	474
Cash flows from investing activity			
Acquisition of property and equipment	*10*	**-**	(6,379)
Proceeds from sale of property and equipment		**7,620**	-
Net cash from / (used in) investing activity		**7,620**	(6,379)
Cash flows from financing activity			
Interest paid during the year		**(2,285)**	(4,704)
Payment of lease liabilities		**(75,765)**	(73,346)
Cash used in financing activity		**(78,050)**	(78,050)
Net decrease in cash and cash equivalents		**(219,921)**	(83,955)
Cash and cash equivalents at the beginning of the year		**465,351**	549,306
Cash and cash equivalents at 31 December	*17*	**245,430**	465,351

The notes on pages 10 to 29 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	Statutory reserve AED	Accumulated losses AED	Total AED
At 1 January 2020	300,000	150,000	(4,406,488)	(3,956,488)
Total comprehensive income for the year				
Loss for the year	-	-	(836,134)	(836,134)
Balance at 31 December 2020	300,000	150,000	(5,242,622)	(4,792,622)
Balance at 1 January 2021	**300,000**	**150,000**	**(5,242,622)**	**(4,792,622)**
Total comprehensive loss for the year				
Loss for the year	-	-	(350,612)	(350,612)
Balance at 31 December 2021	**300,000**	**150,000**	**(5,593,234)**	**(5,143,234)**

The notes on pages 10 to 29 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 are held by Travel Circle International (Mauritius) LTD ("the Shareholders") 49% and by Abdulaziz Ahmad Abdulaziz Abdulla Almannei 51%. The ultimate parent of the Company is Fairfax Financial Holdings Limited, a company registered in Toronto, Ontario, Canada.

Abdulaziz 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. 124174, Dubai, United Arab Emirates.

The Company did not purchase any shares during the year.

2 Basis of preparation

a) Going concern

During the year ended 31 December 2021, the Company incurred a loss of AED 350,612 *(2020: AED 836,134*) and as at 31 December 2021 its net current liabilities amounted to AED 5,025,247 *(2020: AED 4,595,370),* net liabilities amounted to AED 5,143,234 *(2020: AED 4,792,622)* and accumulated losses amounted to AED 5,593,234 *(2020: AED 5,242,622)*.

Due to the event of COVID 19 pandemic (Note 22), as the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on both financial statements and operations. Management has projected future cash inflows which resulted in a slowdown in operations and taking necessary cost measures needed to sustain the Company ongoing operations. Management is of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Furthermore, the shareholders have confirmed their intention to provide financial support to the Company to enable it to continue in operations and to meet its obligations as and when they fall due, for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

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.

2 Basis of preparation (continued)

e) Use of estimates and judgments (continued)

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 21.

3 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied consistently to all periods presented in these financial statements, except to the adoption of new standards and amendments described above.

Revenue from contract with customers

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 when it transfers control over a service to a customer. This is generally the case on the date of arrival.

Any expected discounts to the customers are estimated and are netted off against transaction price as per the requirements of the accounting standard.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

3 Significant accounting policies (continued)

Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

Property and equipment

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 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.

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 comprise of license of accounting software (SAGE) and license for contract management tool (Meeting box).

3 Significant accounting policies (continued)

Intangible assets (continued)

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 instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

3 Significant accounting policies (continued)

Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- 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 would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

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

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost (continued)

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

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was 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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

3 Significant accounting policies (continued)

Impairment (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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.

4 Standards issued but not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).

5 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 19 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 and trade and other receivables (excluding prepayments and advances to suppliers).

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.

5 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.

6 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.

7 Direct Costs

Direct costs comprise hotel bookings, transport and visa services, excursion and travel related services.

8.1 Administrative and general expenses

	2021	2020
	AED	AED
Staff salaries and benefits	**1,462,584**	1,573,946
Overseas representative office charges	**212,294**	288,932
Legal and professional charges	**73,248**	95,883
Business promotion expenses	**100,775**	72,615
Sponsorship fees	**36,000**	72,000
Depreciation on right-of-use assets	**67,476**	67,476
Bank charges	**21,706**	20,419
Depreciation	**11,190**	15,069
Rent expense	**12,919**	10,848
Communication expense	**14,811**	4,326
Allowance for expected credit loss	**1,000**	5,602
Other expenses	**57,964**	74,639
	2,071,967	2,301,755

8.2 Other income

	2021	2020
	AED	AED
Gain on sale of property and equipment	**7,619**	-
Other Income	**16,402**	-
	24,021	-

9 Finance income

	2021	2020
	AED	AED
Foreign exchange gain	**42,188**	10,086
Interest expense on lease liability	**(2,285)**	(4,704)
	39,903	5,382

10 Property and equipment

	Motor vehicles AED	Furniture, fixtures and office equipment AED	Leasehold improvements AED	Total AED
Cost				
Balance at 1 January 2020	47,250	244,360	25,000	316,610
Additions	-	6,379	-	6,379
Balance as at 31 December 2020	47,250	250,739	25,000	322,989
Balance as at 1 January 2021	**47,250**	**250,739**	**25,000**	**322,989**
Disposal during the year	(47,250)	-	-	(47,250)
Balance as at 31 December 2021	**-**	**250,739**	**25,000**	**275,739**
Depreciation				
Balance at 1 January 2020	47,250	216,188	25,000	288,438
Charge for the year	-	15,069	-	15,069
Balance as at 31 December 2020	47,250	231,257	25,000	303,507
Balance as at 1 January 2021	**47,250**	**231,257**	**25,000**	**303,507**
Charge for the year		11,190	-	11,190
Disposal During the year	(47,250)	-	-	(47,250)
Balance as at 31 December 2021	**-**	**242,447**	**25,000**	**267,447**
Net book value				
At 31 December 2021	**-**	**8,292**	**-**	**8,292**
At 31 December 2020	-	19,482	-	19,482

10.1 Fully depreciated assets amounting to AED 145,502 are still in use of the Company.

11 Trade and other receivables

	2021 AED	2020 AED
Trade receivables	**730,933**	130,020
Provision for impairment loss on trade receivables	**(13,192)**	(12,192)
	717,741	117,828
Prepayments	**120,406**	29,356
Deposits and other receivables	**254,586**	293,717
Advances to suppliers & others	**745,140**	139,578
	1,837,873	580,479

12 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 2021 were as follows:

	2021 AED	2020 AED
Key management personnel compensation		
Short term employee benefits	**346,270**	396,188
Post-employment benefits	**19,485**	19,485

Due to related parties

	2021 AED	2020 AED
Gulf Dunes Tourism LLC – Oman	**845,876**	1,163,950
Desert Adventures Tourism LLC	**3,973,956**	3,235,568
	4,819,832	4,399,518

13 Trade and other payables

	2021 AED	2020 AED
Trade payables	**703,167**	114,270
Accruals and other payables	**421,890**	631,009
Advances from customers	**1,124,845**	420,639
	2,249,902	1,165,918

14 Employees' end of service benefits

	2021	2020
	AED	AED
Balance at 01 January	**312,879**	262,790
Provision during the year	**32,656**	60,757
Payments made during the year	**(151,770)**	(10,668)
Balance at 31 December	**193,765**	312,879

15 Share capital

	2021	2020
	AED	AED
Authorised, issued and fully paid up capital		
100 shares of AED 3,000 each	**300,000**	300,000

16 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. Since the statutory reserve of the Company has already reached the limit, therefore the Board of Directors have decided to cease such allocations *(2020: Nil).*

17 Cash and cash equivalents

	2021	2020
	AED	AED
Cash in hand	**22,978**	14,590
Cash at bank	**222,452**	450,761
	245,430	465,351

18 Contingent liabilities

There are no contingent liabilities at the reporting date.

19 Financial instruments

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:

	2021	2020
	AED	AED
Trade and other receivables (excluding prepayments and advances to suppliers)	**972,327**	130,020
Cash at bank	**222,452**	450,761
	1,194,779	580,781

The aging of trade receivables at the reporting date was:

	31 December 2021		31 December 2020	
	Gross	**Provision**	Gross	Provision
	AED	**AED**	AED	AED
Not due	**717,741**	**-**	117,827	-
0-30 days past due	**-**	**-**	-	-
31-90 days past due	**-**	**-**	-	-
Over 90 days past due	**13,192**	**(13,192)**	12,192	(12,192)
	730,933	**(13,192)**	130,019	(12,192)

The movement in the impairment loss for trade receivables is as follows:

	2021	2020
	AED	AED
At 1 January	**12,192**	6,590
Impairment loss recognized during the year	**1,000**	5,602
At 31 December	**13,192**	12,192

19 Financial instruments *(continued)*

Credit risk *(continued)*

At 31 December 2021, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Carrying amount 2021 AED	Carrying amount 2020 AED
Geographical regions		
Europe	**367,501**	130,019
Commonwealth of Independent States	**235,503**	-
Middle east and others	**127,929**	-
Grand total	**730,933**	130,019

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 liability based on contractual undiscounted payments including interest payment and excluding impact of netting:

31 December 2021

	Carrying Amount AED	**Contractual cash outflows AED**	**1 year or less AED**	**More than 1 year AED**
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	**1,125,057**	**(1,125,057)**	**(1,125,057)**	**-**
Due to related parties	**4,819,832**	**(4,819,832)**	**(4,819,832)**	**-**
Lease liability	**38,816**	**(38,816)**	**(38,816)**	**-**
	5,983,705	**(5,983,705)**	**(5,983,705)**	**-**

19 **Financial instruments** *(continued)*

Liquidity risk (continued)

31 December 2020

	Carrying Amount AED	Contractual cash outflows AED	1 year or less AED	More than 1 year AED
Non derivative financial liabilities				
Trade and other payables (excluding advances from customers)	745,279	(745,279)	(745,279)	-
Due to related parties	4,399,518	(4,399,518)	(4,399,518)	-
Lease liability	114,581	(117,076)	(78,051)	(39,025)
	5,259,378	(5,261,873)	(5,222,848)	(39,025)

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.

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.

20 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.

21 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.

21 Significant accounting estimates and judgments *(continued)*

The following are the critical accounting estimates and judgments used by management in the preparation of these financial statements:

Impairment losses on trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

22 COVID-19 coronavirus pandemic

During the current year, the global outbreak of the Covid-19 coronavirus has severely impacted businesses and economies worldwide. The Covid-19 outbreak has been considered a Pandemic and may impact the business operations of the customers, which in turn impacts our business. As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full duration and the extent of the full economic impact as of now. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. Financial impacts of the COVID-19 pandemic identified and recognised during the financial year 2021 have been reflected in the financial performance for the year and considered in the financial position as at 31 December 2021.

23 Subsequent event - Impact of Geo Political Situation in Common Wealth of Independent States (CIS)

Subsequent to year end, the Geo political situation in CIS countries has resulted in sanctions on some CIS countries related to Trade and finance which has resulted in a reduction of business from these countries. The extent to which this situation impacts the Company's business, operations, and financial results, including the duration and magnitude of such effects, will depend on numerous evolving factors that we may not be able to accurately predict or assess currently.

Independent Auditor's Report

To the Shareholders of Digiphoto Entertainment Imaging Co., Ltd.

Opinion

We have audited the financial statements of Digiphoto Entertainment Imaging Co., Ltd. (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of income, and statement of changes in equity 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai 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 Federation of Accounting Professions' Code of Ethics for Professional Accountants together 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.

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 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

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 Thai 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 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 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 we identify during our audit.

(Suvit Chanamporn)
CPA No. 3800
2 April 2022
Tsedeq Accounting and Tax Co.,Ltd.
98/162 Soi Ramkhamheang 39, Wangthonglang, Bangkok

Digiphoto Entertainment Imaging Co., Ltd

Statement of Financial Positions

As at December 31, 2021

Assets

		Baht	
Current assets		**2021**	**2020**
Cash and Cash equivalent	(Note 4)	313,078.73	1,180,323.95
Accounts Receivable and other receivable		701,271.49	1,878,024.96
Inventories		765,240.52	1,586,737.93
Other current assets		149,374.37	138,097.02
Total current assets		1,928,965.11	4,783,183.86
Non current assets			
Long term loan to related person	(Note 5)	21,812,450.72	21,812,450.72
Equipment - net	(Note 6)	1,938,073.41	2,892,068.47
Total non current assets		23,750,524.13	24,704,519.19
Total assets		25,679,489.24	29,487,703.05

The statutory financial statements were approved by The Annual Meeting of Shareholders on 30 April 2022.

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

30/5/22

Digiphoto Entertainment Imaging Co., Ltd

Statement of Financial Positions

As at December 31, 2021

Liabilities and Shareholders' equity

	Baht	
	2021	**2020**
Current liabilities		
Account Payable - Related parties	35,802,594.88	29,797,662.42
Account Payable - Other	438,376.94	566,151.13
Other Current Liabilities	18,985.32	37,263.87
Total current liabilities	36,259,957.14	30,401,077.42
Total liabilities	36,259,957.14	30,401,077.42
Shareholders' equity		
Share capital		
Registered		
20,000 ordinary shares of baht 1,000 each	20,000,000.00	20,000,000.00
Issued, and fully Paid-up		
20,000 ordinary shares of baht 1,000 each	20,000,000.00	20,000,000.00
Retained earning (deficit)	(30,580,467.90)	(20,913,374.37)
Total shareholders' equity	(10,580,467.90)	(913,374.37)
Total liabilities and shareholders' equity	25,679,489.24	29,487,703.05

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

Digiphoto Entertainment Imaging Co., Ltd

Statements of income

For year ended December 31, 2021

	Baht	
Revenue	**2021**	**2020**
Service income	2,099,414.91	8,987,911.83
Total revenue	2,099,414.91	8,987,911.83
Cost and Expenses		
Cost of Service	4,368,447.58	8,317,965.77
Selling expenses	6,790.65	29,798.67
Administrative expenses	7,391,270.21	6,184,394.12
Total cost and expenses	11,766,508.44	14,532,158.56
Loss for the year	(9,667,093.53)	(5,544,246.73)

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

Digiphoto Entertainment Imaging Co., Ltd

Statements of changes in shareholders' equity

For year ended December 31, 2021

			in baht
	Issued and paid up ordinary shares	Retained earnings (deficit)	Total equity of the Company's shareholders
Balance at January 1,2020	20,000,000.00	(15,369,127.64)	4,630,872.36
Net Loss for the year	-	(5,544,246.73)	(5,544,246.73)
Balance at December 31, 2020	20,000,000.00	(20,913,374.37)	(913,374.37)
Net Loss for the year	-	(9,667,093.53)	(9,667,093.53)
Balance at December 31, 2021	20,000,000.00	(30,580,467.90)	(10,580,467.90)

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

The accompanying notes are an integral part of these financial statements

1 General Information

Digiphoto Entertainment Imaging Co., Ltd "the Company", is incorporated in Thailand on August 21, 2012 and has its registered office at 19 Soi Therdthai 77, Bangwa, Pasricharoen District, Bangkok. The company has registration number 0105555122356

The principal activities of the Company is providing customized imaging solutions to theme parks, resorts and entertainment arenas as well as retail sale of accessories and frames.

2 Basis of preparation of financial statements

The Financial statements are prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs); guidelines promulgated by the Federation of Accounting Professions (FAP).

The preparation of financial statements in conformity with TFRS for NPAEs required 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 on-going basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

3 Significant accounting policies

(a) 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 statement of financial position date are translated to Thai Baht at the foreign exchange closing rates ruling for the period then ended. Foreign exchange differences arising on translation are recognized in the statement of income.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash balances, current accounts and call deposits.

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

(c) Trade accounts receivable

Trade accounts receivable are stated at their invoice value less allowance for doubtful accounts.

Any allowance for loss on doubtful account is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowance made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value.
Cost is calculated using the weighted-average.

(e) Equipment

Equipment are stated at cost less accumulated depreciation and allowance for devaluation (If any)

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated depreciation rates are 3-5 years.

(f) Provision

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefit

Obligations for retired benefits are recognised using the best estimated method at the reporting date.

(g) Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.
Services rendered
Service income is recognised as services are provided.

(h) Income tax

Income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and income tax expense recognized in the statement of income by using income tax payable method net from withholding tax refundable and record as liability.

....

(Mr Ramakrishnan Kalapathy Shankar)

Director

4 Cash and cash equivalents

	Baht	
	2021	**2020**
Cash on hand	10,001.00	28,315.00
Cash deposit in current account	303,077.73	1,152,008.95
Total	313,078.73	1,180,323.95

5 Long term loan to related person

The Company has long-term loan to director amounting to 20 million baht with no interest charge since 2016.

There is specific date of repayment and no colleateral against loan.

The balance of loan comprise of the following:-

	Baht	
	2021	**2020**
Principal of loan	20,000,000.00	20,000,000.00
Accrued interest	1,812,450.72	1,812,450.72
Total	21,812,450.72	21,812,450.72

6 Equipment - net

	Baht			
	1 January 2020	**Increase**	**Decrease**	**31 December 2021**
Cost				
Computer & Equipment	4,767,871.94	-	-	4,767,871.94
Fixtures&Fittings	692,115.00	-	-	692,115.00
Total	5,459,986.94	-	-	5,459,986.94
Accumulated Depreciation				
Computer & Equipment	2,238,875.52	835,797.11	-	3,074,672.63
Fixtures&Fittings	329,042.95	118,197.95	-	447,240.90
Total	2,567,918.47	953,995.06	-	3,521,913.53
Net Book Value	**2,892,068.47**			**1,938,073.41**

7 The approval of financial statement

The financial statements were authorised for issue by the directors on 2 April 2022.

(Mr Ramakrishnan Kalapathy Shankar)

Director

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

CHANG SOM COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2021

ANS Audit Co., Ltd.
100/72, 22nd Floor,
100/2 Vongvanij Building B, Rama 9 Rd.,
Huaykwang, Bangkok 10310, Thailand

Main +66 2 645 0109
Fax +66 2 645 0110
www.ans.co.th

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, 2021, 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, 2021, 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.

Petcharee

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 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 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.

Patcharee

Patcharee Siriwongsin

Certified Public Accountant

Registration Number 9037

ANS Audit Co., Ltd.

Bangkok: March 1, 2022

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		Unit : Baht	
	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents		157,549.00	392,826.45
Trade and other receivables	4, 5	11,572,902.39	10,409,751.06
Total current assets		11,730,451.39	10,802,577.51
Non-current assets			
Equipments-net	6	6.00	6.00
Withholding tax		161,504.77	159,467.66
Other non-current assets		373.56	373.56
Total non-current assets		161,884.33	159,847.22
Total assets		11,892,335.72	10,962,424.73

Director

CHANG SOM COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Notes	2021	2020
		Unit : Baht	
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Trade and other payables	4, 7	3,656,409.85	2,148,898.85
Total current liabilities		3,656,409.85	2,148,898.85
Non-current Liabilities			
Employee benefit obligations	8	278,635.26	278,635.26
Total non-current liabilities		278,635.26	278,635.26
Total Liabilities		3,935,045.11	2,427,534.11
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	9	506,098.28	506,098.28
Unappropriated		1,451,192.33	2,028,792.34
Total Shareholders' Equity		7,957,290.61	8,534,890.62
Total Liabilities and Shareholders' Equity		11,892,335.72	10,962,424.73

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, 2021

	Notes	2021	2020
		Unit : Baht	
Revenue from rendering of services	4	866,157.33	5,458,750.00
Cost of rendering of services		(779,340.90)	(4,910,791.00)
Gross profit		86,816.43	547,959.00
Other income		16.60	1,595.70
Profit before expenses		86,833.03	549,554.70
Administrative expenses	4	(664,433.04)	(821,655.62)
Loss before income tax		(577,600.01)	(272,100.92)
Income tax		-	-
Net loss		(577,600.01)	(272,100.92)

_______________________ Director

CHANG SOM COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

Unit : Baht

	Notes	Paid-up share capital	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at December 31, 2019		6,000,000.00	506,098.28	2,300,893.26	8,806,991.54
Net loss for the year 2020		-	-	(272,100.92)	(272,100.92)
Balance as at December 31, 2020		6,000,000.00	506,098.28	2,028,792.34	8,534,890.62
Net loss for the year 2021		-	-	(577,600.01)	(577,600.01)
Balance as at December 31, 2021		6,000,000.00	506,098.28	1,451,192.33	7,957,290.61

Director

The accompanying notes are an integral part of the financial statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits.

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.

Equipments

Equipments are stated at cost less accumulated depreciation.

Depreciation of equipment is calculated by reference to their costs on straight-line method over the estimated useful lives of 5 years.

Loss on decline in value of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of permanent decline in value. If any such indication exists, the assets' recoverable amount is estimated. The loss on decline in value of assets is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The loss decline in value of assets is recognized in the statement of income. If any such indication does not exist, the Company reverses such loss.

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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 the best estimate method.

Employee benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Liability for retirement of employee and other long-term employee benefits is recognized based on the best estimation at the date of reporting.

Revenue

Service income is recognized as services provided.

Interest and other income are recognized in the statement of income as it accrues.

_______________ Director

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, 2021 and 2020 and outstanding balance with its related company as summarized below:

	Unit: Baht	
	2021	2020
Statements of financial position		
Asian Trails Ltd.		
Trade receivable	10,908,983.00	10,408,208.00
Accrued income	650,376.33	-
Other payable	(2,344,913.00)	(1,717,944.56)

	Unit: Baht	
	2021	2020
Statements of income		
Asian Trails Ltd.		
Revenue from rendering of services	866,157.33	5,458,750.00
(Cost of service plus certain margin)		
Rental expenses	45,000.00	56,250.00

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2021 and 2020 consisted of:

	Unit : Baht	
	2021	2020
Trade receivable		
Trade receivable–related party	10,908,983.00	10,408,208.00
Accrued income–related party	650,376.33	-
Total trade receivable	11,559,359.33	10,408,208.00
Other receivables		
Others	13,543.06	1,543.06
Total other receivables	13,543.06	1,543.06
Total trade and other receivables	11,572,902.39	10,409,751.06

6. EQUIPMENTS-NET

Equipments as at December 31, 2021 and 2020 consisted of:-

	Unit : Baht
	Office Equipment
Cost	
As at December 31, 2020	27,772.06
Increase	-
As at December 31, 2021	27,772.06
Accumulated Depreciation	
As at December 31, 2020	(27,766.06)
Depreciation for the year	-
As at December 31, 2021	(27,766.06)
Net book value	
As at December 31, 2020	6.00
As at December 31, 2021	6.00

Petchara

____________________Director

As at December 31, 2021 and 2020, equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 0.03 million, both of years.

7. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2021 and 2020 consisted of:

	Unit : Baht	
	2021	2020
Trade payables	1,202,638.63	360,096.28
Other payables		
Other payable-related party	2,344,913.00	1,717,944.56
Accrued expenses	107,983.03	70,320.45
Accrued withholding tax	875.19	537.56
Total other payables	2,453,771.22	1,788,802.57
Total trade and other payables	3,656,409.85	2,148,898.85

8. EMPLOYEE BENEFITS OBLIGATIONS

As at December 31, 2021 and 2020, employee benefits obligation were comprised of:

	Unit : Baht	
	2021	2020
Employee benefits obligation as at January 1	278,635.26	278,635.26
Increase during the years	-	-
Total	278,635.26	278,635.26

9. 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.

10. COMMITMENT

As at December 31, 2021 and 2020, 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.

11. EVENT AFTER THE REPORTING PERIOD

As at January 1, 2022, the Company entered into a loan agreement with a related party, the Company adjusts trade accounts receivable - related party amounted of Baht 10.90 million to loan to related party. Such loan agreement determine payment within 3 years, interest rate of 0.45% per annum.

________________________Director

12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the authorized directors of the Company on March 1, 2022.

________________________Director

PT. ASIAN TRAILS INDONESIA

LAPORAN KEUANGAN/
FINANCIAL STATEMENTS

UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2021
FOR THE YEAR ENDED DECEMBER 31, 2021

DAN LAPORAN AUDITOR INDEPENDEN/
AND INDEPENDENT AUDITORS' REPORT

asian trails

SURAT PERNYATAAN DIREKSI/*DIRECTORS' STATEMENT LETTER*
TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN/
RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2021/
FOR THE YEAR ENDED DECEMBER 31, 2021

PT. ASIAN TRAILS INDONESIA

Kami yang bertanda tangan dibawah ini: / *We, the undersigned:*

1. Nama/*Name* : Rocky Wisuda Praputranto
   Alamat kantor/*Office address* : Jl By Pass Ngurah Rai No. 260
   Alamat domisili/*Domicile* : Jl Jakarta D 5 Buana Gubug, Jimbaran Kuta Selatan - Bali
   Nomor Telepon/*Phone Number* : (0261) 285771
   Jabatan/*Position* : Direktur Utama/ *President Director*
2. Nama/*Name* : Bjorn Schimanski
   Alamat kantor/*Office address* : Jl By Pass Ngurah Rai No. 260
   Alamat domisili/*Domicile* : Jl Batursari Gang Villa Mimba No. 02, Sanur - Denpasar
   Nomor Telepon/*Phone Number* : (0261) 285771
   Jabatan/*Position* : Direktur Keuangan/ *Finance Director*

menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan Perusahaan;
2. Laporan keuangan Perusahaan telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan Perusahaan telah dimuat secara lengkap dan benar;
   b. Laporan keuangan Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian intern dalam Perusahaan.

Demikian pernyataan ini dibuat dengan sebenarnya.

state that:

1. *We are responsible for the preparation and presentation of the financial statements of the Company;*
2. *The financial statements of the Company have been prepared and presented in accordance with Indonesia Financial Accounting Standards;*
3. *a. All information contain in the financial statements of the Company is complete and correct;*
   b. The financial statements of the Company do not contain misleading material information or facts, and do not omit material information and facts.
4. *We are responsible for the Company internal control system.*

This statement letter is made truthfully.

Denpasar, 11 Januari 2022/*January 11, 2022*
Atas nama dan mewakili Direksi/
On behalf and represent Board of Director

METERAI TEMPEL 10000 SEPULUH RIBU RUPIAH FF69BAJX610307295

Rocky Wisuda Praputranto	Bjorn Schimanski
Direktur Utama/	Direktur Keuangan/
President Director	*Finance Director*

Laporan Auditor Independen

No. 000136/3.0330/AU.1/05/0596-2/1/I/2022

Pemegang Saham, Dewan Komisaris dan Direksi
PT. Asian Trails Indonesia

Kami telah mengaudit laporan keuangan PT. Asian Trails Indonesia ("Perusahaan") terlampir, yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2021 serta laporan laba rugi komprehensif, perubahan ekuitas dan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung Jawab Manajemen atas Laporan Keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung Jawab Auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan tersebut berdasatkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bertanggung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oeh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengedalian internal entitas.

Independent Auditors' Report

No. 000136/3.0330/AU.1/05/0596-2/1/I/2022

The Stockholders, Boards of Commissioners and Directors
PT. Asian Trails Indonesia

We have audited the accompanying financial statements of PT. Asian Trails Indonesia ("the Company"), which comprise the statement of financial position as of December 31, 2021 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 information.

Management's Responsibility for The Financial Statements

Management is responsible for the presentation and fair presentation of such financial statements in accordance with Indonesian Financial 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.

Auditors' Responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such the financial statements are free of 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 auditors' judgment, including the assessment of the risk of material misstatement of auditors consider 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.

Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

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 financial statements.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

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

Opini

Opinion

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT. Asian Trails Indonesia pada tanggal 31 Desember 2021, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. Asian Trails Indonesia as of December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Penekanan suatu hal

Emphasis of matter

Kami menaruh perhatian pada Catatan 27 atas laporan keuangan pada tanggal 31 Desember 2021 dan 2020. Lebih jauh, di awal tahun 2020, ekonomi dunia menghadapi ketidakpastian akibat dari pandemi Covid-19. Kondisi ini, bersama dengan hal-hal ini yang dijelaskan dalam Catatan 27 bahwa dampak spesifik terhadap bisnis, pendapatan dan nilai terpulihkan dari aset dan liabilitas Perusahaan belum memungkinkan untuk ditentukan pada tahap ini. Dampak-dampak tersebut akan dilaporkan dalam laporan keuangan saat dampak tersebut dapat diketahui dan diestimasi.

We draw attention to Note 27 to the financial statement as of December 31, 2021 and 2020. Furthemore, in the beginning of 2020, the world economy faces uncertainty as a result of the Covid-19 pandemic. These conditions, together with these are explained in Note 27 that the spesific impact on the business, income and recoverable value of assets and liabilities of the Company is not yet possible to be determined at this stage. These impacts will be reported in the financial statements when they are known and can be estimated.

KANTOR AKUNTAN PUBLIK / *REGISTERED PUBLIC ACCOUNTANT FIRMS*
ABDUL MUNTALIB DAN YUNUS

Drs. Abdul Muntalib M.S., Akt., CA., CPA., CPI., CLI., ACPA.
Izin Akuntan Publik / *Public Accountant License* AP.0596
Izin Usaha Kantor Pusat / *Head Office Business License* No. KEPMEN 124/KM.1/2016
Izin Usaha Kantor Cabang / *Branch Office Business License* No. KEPMEN 649/KM.1/2016

11 Januari 2022 / *January 11, 2022*

(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	2021	2020	
ASET				***ASSETS***
ASET LANCAR				***CURRENT ASSETS***
Kas dan bank	4	1.485.564.869	2.170.084.320	*Cash on hand and in banks*
Piutang usaha	5			*Trade receivable*
Pihak berelasi	23	7.905.434	-	*Related parties*
Pihak ketiga		1.418.409.797	1.669.563.327	*Third parties*
Piutang lain-lain				*Other receivable*
Pihak berelasi	23	8.907.812.497	18.265.000.000	*Related parties*
Pihak ketiga	6	1.316.999.269	1.777.707.352	*Third parties*
Uang muka ke pemasok	8	2.527.248.026	2.447.308.523	*Advances payment to supplier*
Biaya dibayar dimuka	7	690.495.856	954.934.242	*Prepaid expenses*
Jumlah Aset Lancar		**16.354.435.748**	**27.284.597.764**	***Total Current Assets***
ASET TIDAK LANCAR				***NON CURRENT ASSET***
Aset tetap - bersih	9	1.857.367.012	1.175.540.610	*Property and equipment - net*
JUMLAH ASET		**18.211.802.760**	**28.460.138.374**	***TOTAL ASSETS***
LIABILITAS DAN EKUITAS				***LIABILITIES AND EQUITY***
LIABILITAS JANGKA PENDEK				***CURRENT LIABILITIES***
Utang usaha	10			*Trade payables*
Pihak berelasi	23	1.668.683	6.802.167	*Related parties*
Pihak ketiga		161.011.347	250.508.550	*Third parties*
Utang lain-lain		46.984.216	162.604.214	*Others payable*
Utang pajak	13	876.621.391	848.640.654	*Taxes payable*
Biaya yang masih harus dibayar	11	1.384.833.758	3.307.771.268	*Accrued expenses*
Deposit diterima dimuka	12	6.897.591.011	7.491.436.537	*Deposit accepted in advancet*
Jumlah Liabilitas Jangka Pendek		**9.368.710.406**	**12.067.763.389**	***Total Current Liabilities***
LIABILITAS JANGKA PANJANG				***NON CURRENT LIABILITY***
Liabilitas imbalan kerja karyawan	14	607.403.211	864.182.763	*Post-employment benefits obligation*
JUMLAH LIABILITAS		**9.976.113.617**	**12.931.946.152**	***TOTAL LIABILITIES***
EKUITAS				***EQUITY***
Modal saham - nilai nominal Rp 720.000 per saham				*Capital stock - IDR 720,000 par value per share*
Modal dasar - 2.000 saham				*Authorized - 2,000 shares*
Modal ditempatkan dan disetor - 2.000 saham	15	1.440.000.000	1.440.000.000	*Issued and fully paid - 2,000 shares*
Selisih kurs modal		138.248.000	138.248.000	*Difference rate on capital*
Saldo laba		6.657.441.143	13.949.944.222	*Retained earnings*
Jumlah Ekuitas		**8.235.689.143**	**15.528.192.222**	***Total Equity***
JUMLAH LIABILITAS DAN EKUITAS		**18.211.802.760**	**28.460.138.374**	***TOTAL LIABILITIES AND EQUITY***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	2021	2020	
PENDAPATAN USAHA	17	313.504.688	1.916.450.477	***REVENUES***
BEBAN POKOK PENDAPATAN	18	(103.292.713)	(10.891.760.353)	***COST OF REVENUES***
LABA (RUGI) KOTOR		**210.211.975**	**(8.975.309.876)**	***GROSS PROFIT (LOSS)***
Beban penjualan	19	(2.380.912.905)	(3.594.359.093)	*Selling expense*
Beban umum dan administrasi	20	(9.105.898.973)	(12.332.733.619)	*General and administrative expense*
Beban lainnya	21	(4.003.794.375)	(111.251.412)	*Other expense*
Pendapatan lainnya	22	7.987.891.199	17.810.283.885	*Other income*
RUGI SEBELUM BEBAN PAJAK PENGHASILAN		**(7.292.503.079)**	**(7.203.370.115)**	***LOSS BEFORE TAX***
BEBAN PAJAK PENGHASILAN	13	-	-	***INCOME TAX EXPENSE***
Pendapatan komprehensif lain		-	-	***Other comprehensif income***
RUGI BERSIH KOMPREHENSIF		**(7.292.503.079)**	**(7.203.370.115)**	***NET COMPREHENSIVE LOSS***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	Catatan/ *Notes*	Modal Ditempatkan dan Disetor/ *Issued and Fully Paid-in Capital*	Selisih Kurs Modal/ *Difference rate capital*	Saldo Laba/ *Retained earnings*	Jumlah Ekuitas/ *Total Equity*	
Saldo per 1 Januari 2020		**1.440.000.000**	**138.248.000**	**27.475.814.337**	**29.054.062.337**	***Balance as of January 1, 2020***
Dividen tunai	16	-	-	(6.322.500.000)	(6.322.500.000)	*Cash dividens*
Rugi bersih tahun berjalan		-	-	(7.203.370.115)	(7.203.370.115)	*Net loss for the year*
Saldo per 31 Desember 2020		**1.440.000.000**	**138.248.000**	**13.949.944.222**	**15.528.192.222**	***Balance as of December 31, 2020***
Rugi bersih tahun berjalan		-	-	(7.292.503.079)	(7.292.503.079)	*Net loss for the year*
Saldo per 31 Desember 2021		**1.440.000.000**	**138.248.000**	**6.657.441.143**	**8.235.689.143**	***Balance as of December 31, 2021***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

	2021	2020	
ARUS KAS DARI AKTIVITAS OPERASI			***CASH FLOW FROM OPERATING ACTIVITIES***
Penerimaan kas dari pelanggan	3.393.572.378	10.952.065.737	*Cash receipt from customers*
Pembayaran kas kepada pemasok dan karyawan	(13.549.354.841)	(21.027.590.626)	*Cash paid to suppliers and employees*
Pembayaran beban keuangan	(31.138.577)	(111.251.413)	*Payments of financial charges*
Kas Bersih Digunakan untuk dari Aktivitas Operasi	**(10.186.921.040)**	**(10.186.776.301)**	***Net Cash Used in Operating Activities***
ARUS KAS DARI AKTIVITAS INVESTASI			***CASH FLOWS FROM INVESTING ACTIVITIES***
Penerimaan bunga	170.846.570	369.556.588	*Interest income*
Perolehan aset tetap	(20.499.000)	(9.693.960)	*Acquisition of property and equipment*
Kas Bersih Diperoleh dari Aktivitas Investasi	**150.347.570**	**359.862.628**	***Net Cash Provided by Investing Activities***
ARUS KAS DARI AKTIVITAS PENDANAAN			***CASH FLOWS FROM FINANCING ACTIVITIES***
Penurunan utang pihak berelasi	(5.133.484)	(92.309.539)	*Decrease of due to related parties*
Penurunan (penambahan) piutang lain-lain pihak berelasi	9.357.187.503	(2.446.999.998)	*Decreas (increase) of other receivable related parties*
Dividen tunai	-	(6.322.500.000)	*Cash dividends*
Kas Bersih Diperoleh dari (Digunakan untuk) Aktivitas Pendanaan	**9.352.054.019**	**(8.861.809.537)**	***Net Cash Provided by (Used in) Financing Activities***
PENURUNAN BERSIH KAS DAN BANK	**(684.519.451)**	**(18.688.723.210)**	***NET DECREASE CASH IN BANKS***
KAS DAN BANK AWAL TAHUN	2.170.084.320	20.858.807.530	***CASH ON HAND AND IN BANKS AT BEGINNNIG OF YEAR***
KAS DAN BANK AKHIR TAHUN	**1.485.564.869**	**2.170.084.320**	***CASH ON HAND AND IN BANKS AT END OF YEAR***

Lihat catatan atas laporan keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

See accompaying notes to financial statements which are an integral part of the financial statements.

(Presented in Rupiah, unless otherwise stated)

1. UMUM

a. Pendirian dan Informasi Umum

PT. Asian Trails Indonesia didirikan berdasarkan akta notaris Silvia Veronica, S.H. No. 26 tanggal 24 Desember 1999. Akta pendirian ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. C-88884 HT.01.04.TH.1999 yang ditetapkan tanggal 24 Mei 1999. Akta Perusahaan telah mengalami beberapa kali perubahan, terakhir kali berdasarkan akta notaris Buntario Tigris Darmawa NG, SH., SE, No. 169 tanggal 30 Juli 2019, mengenai perubahan anggaran dasar Perusahaan. Akta perubahan tersebut telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0051435.AH.01.02TAHUN 2019 pada tanggal 14 Agustus 2019.

Perusahaan berdomisili di Denpasar Bali dan berkedudukan di Jl. By Pass Ngurah Rai No. 260. Sanur, Denpasar, Bali.

Sesuai dengan pasal 3 anggaran dasar Perusahaan, ruang lingkup kegiatan Perusahaan adalah bergerak di bidang biro perjalanan wisata. Perusahaan mulai beroperasi pada tahun 2007. Perusahaan memiliki karyawan pada tanggal 31 Desember 2021 sebanyak 51 orang.

Susunan dewan komisaris dan direksi Perusahaan pada tanggal 31 Desember 2021 dan 2020 adalah sebagai berikut:

1. GENERAL

a. Establishment and General Information

PT. Asian Trails Indonesia was established based on notarial deed No. 26 of Silvia Veronica, S.H., dated December 24, 1999. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-88884 HT.01.04.TH.1999 dated May 24, 1999. The Company's articles of association have been amended several times, most recently by notarial deed No. 169 of Buntario Tigris Darmawa NG, SH., SE, dated July 30, 2019, regarding changes to the Company's articles of association. The deed of amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in a Decree No. AHU-0051435.AH.01.02TAHUN 2019 on August 14, 2019.

The Company is domiciled in Denpasar Bali and located at Jl. By Pass Ngurah Rai No.260. Sanur, Denpasar, Bali.

In accordance with article 3 of the Company's articles of association, the scope of its activities are tour and traveling business. The Company started its operations in 2007. The Company had total number of employees of 51 as of December 31, 2021.

The Company's management as of December 31, 2021 and 2020 consisted of the following:

	31 Desember 2021/ *December 31, 2021*	31 Desember 2020/ *December 31, 2020*	
Presiden Komisaris	Mr. Luzi Andrea Matzig/Lersan Misitsakul	Mr. Luzi Andrea Matzig/Lersan Misitsakul	*President Commissioner*
Komisaris	Mr. Dharmayanto Tirtawisata	Mr. Dharmayanto Tirtawisata	*Commissioners*
	Mr. Laurent Kunzle	Mr. Laurent Kunzle	
Presiden Direktur	Mr. Rocky Wisuda Praputranto	Mr. Rocky Wisuda Praputranto	*President Director*
Direktur	Mr. Bjorn Schimanski	Mr. Bjorn Schimanski	*Directors*
	Mr. Marcel Jordi Grifoll	Mr. Marcel Jordi Grifoll	

2. IKHTISAR KEBIJAKAN AKUNTANSI

a. Dasar penyusunan laporan keuangan

Laporan keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan dan Interpretasi yang diterbitkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

Laporan keuangan, kecuali laporan arus kas, disusun berdasarkan konsep akrual dan biaya perolehan historis, kecuali beberapa akun tertentu yang diukur dengan cara sebagaimana yang diuraikan dalam kebijakan akuntansi di akun yang bersangkutan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis preparation of financial statements

The financial statements have been prepared in accordance with Financial Accounting Standards in Indonesia ("SAK"), which include the Statement and Interpretation issued by the Financial Accounting Standards Board of the Indonesian Accountants Association.

The financial statements, except for the statement of cash flows, are prepared using the accrual basis and based on historical costs, except for certain accounts which are measured on the bases described in the related accounting policies of those accounts.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

a. Dasar penyusunan laporan keuangan (lanjutan)

Laporan arus kas disajikan dengan menggunakan metode langsung yang mengelompokkan penerimaan dan pengeluaran kas dan bank ke dalam aktivitas operasi, investasi dan pendanaan. Untuk tujuan penyajian laporan arus kas, kas dan bank terdiri dari kas dan bank, simpanan yang sewaktu-waktu bisa dicairkan dan investasi likuid jangka pendek lainnya yang jatuh tempo dalam waktu 3 (tiga) bulan atau kurang, dikurangi dengan cerukan.

Seluruh angka dalam laporan keuangan ini, disajikan dalam Rupiah ("Rp"), kecuali dinyatakan lain.

b. Kas dan bank

Kas dan bank terdiri dari kas dan kas di bank, dan tidak digunakan sebagai jaminan atau dibatasi penggunaannya.

c. Instrumen keuangan

i. Aset keuangan

Pengakuan awal

Aset keuangan diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laba rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, dan aset keuangan tersedia untuk dijual, mana yang sesuai. Perusahaan menetapkan klasifikasi aset keuangan setelah pengakuan awal dan, jika diperbolehkan dan sesuai, akan melakukan evaluasi atas klasifikasi ini pada setiap tanggal pelaporan.

Aset keuangan Perusahaan yang meliputi kas dan bank, piutang usaha, aset keuangan lancar lainnya, piutang pihak berelasi dan aset keuangan tidak lancar lainnya diklasifikasikan sebagai pinjaman yang diberikan dan piutang, sementara investasi pada saham dengan persentase kepemilikan di bawah 20% diklasifikasikan sebagai aset keuangan tersedia untuk dijual.

Pada tanggal 31 Desember 2021 dan 2020, Perusahaan tidak memiliki aset keuangan yang diukur pada nilai wajar melalui laba rugi dan investasi dimiliki hingga jatuh tempo.

Pada saat pengakuan awalnya, aset keuangan diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis preparation of financial statements (continued)

The statement of cash flows is presented using the direct method by classifying the receipts and disbursements of cash and cash equivalents into operating, investing and financing activities. For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 (three) months or less, net of bank overdrafts.

All figures in the financial statements are rounded to and expressed in millions of Indonesian Rupiah ("IDR"), unless otherwise stated.

b. Cash and banks

Cash and banks are cash dan cash in banks, and which are not used as collateral or not restricted.

c. Financial instruments

i. Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

The Company's financial assets which include cash and cash equivalents, trade receivables, other current financial assets, due from related parties and other non-current financial assets are classified as loans and receivables, while investments in shares with percentage of ownership interest less than 20% are classified as available-for-sale financial assets.

As of December 31, 2021 and 2020, the Company does not have any financial assets at fair value through profit or loss and held-to-maturity investments.

When financial assets are recognized initially, they are measured at fair value plus directly attributable transaction costs.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Pengukuran setelah pengakuan awal

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak memiliki kuotasi di pasar aktif. Setelah pengakuan awal, aset tersebut dicatat pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif (SBE) dan keuntungan atau kerugian terkait diakui dalam laba rugi ketika aset tersebut mengalami penurunan nilai atau melalui proses amortisasi. Arus kas terkait dengan pinjaman yang diberikan dan piutang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

Aset keuangan tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan dalam 3 (tiga) kategori lainnya. Setelah pengukuran awal, aset keuangan tersedia untuk dijual diukur dengan nilai wajar dengan keuntungan atau kerugian yang belum terealisasi diakui dalam ekuitas sampai aset tersebut dihentikan pengakuannya.

Penghentian pengakuan

Penghentian pengakuan atas suatu aset keuangan, atau, bila dapat diterapkan untuk bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa, terjadi bila:

i. hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
ii. Perusahaan mentransfer hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan tersebut atau menanggung kewajiban untuk membayar arus kas yang diterima tersebut tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan dan apabila (a) secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (b) secara substansial tidak mentransfer dan tidak mempertahankan seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah mentransfer pengendalian atas aset keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such assets are carried at amortized cost using the effective interest (EIR) method and the related gains or losses are recognized in profit or loss when the assets are impaired or through amortization process. Cash flows relating to short-term loans and receivables are not discounted if the effect of discounting is immaterial.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the 3 (three) preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in equity until the assets are derecognized.

Derecognition

A financial asset, or, where applicable a part of a financial asset or part of a group of similar financial assets, is derecognized when:

i. the contractual rights to receive cash flows from the financial asset have expired; or
ii. The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Apabila Perusahaan mentransfer hak untuk menerima arus kas yang berasal dari aset keuangan atau mengadakan kesepakatan penyerahan, atau tidak mentransfer maupun tidak mempertahankan secara substansial seluruh risiko dan manfaat atas aset keuangan tersebut namun telah mentransfer pengendalian atas aset keuangan tersebut, maka suatu aset keuangan baru diakui oleh Perusahaan sebesar keterlibatannya yang berkelanjutan dengan aset keuangan tersebut.

Pada saat penghentian pengakuan atas aset keuangan secara keseluruhan, maka selisih antara nilai tercatat dan jumlah dari (i) pembayaran yang diterima, termasuk aset baru yang diperoleh dikurangi dengan liabilitas baru yang ditanggung; dan (ii) keuntungan atau kerugian kumulatif yang telah diakui secara langsung dalam ekuitas, harus diakui dalam laba rugi.

<u>Penurunan nilai</u>

Pada setiap tanggal pelaporan, Perusahaan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai.

Penurunan nilai atas aset keuangan atau kelompok aset keuangan dianggap telah terjadi, jika dan hanya jika, terdapat bukti yang obyektif mengenai penurunan nilai sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut ("peristiwa kerugian"), dan peristiwa kerugian tersebut berdampak pada estimasi arus kas masa depan aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

Bukti penurunan nilai dapat meliputi indikasi pihak peminjam atau kelompok peminjam mengalami kesulitan keuangan signifikan, wanprestasi atau tunggakan pembayaran bunga atau pokok, terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya, dan pada saat data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa depan, seperti meningkatnya tunggakan atau kondisi ekonomi yang berkorelasi dengan wanprestasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

Where the Company has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, or has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset, a new financial asset is recognized to the extent of the Company's continuing involvement in the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity, is recognized in profit or loss.

<u>Impairment</u>

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Untuk pinjaman yang diberikan dan piutang yang dicatat pada biaya perolehan yang diamortisasi, Perusahaan pertama kali secara individual menentukan bahwa terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang signifikan secara individual, atau secara kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Perusahaan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang sejenis dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian atau penurunan nilai secara kolektif.

Jika terdapat bukti obyektif bahwa kerugian penurunan nilai telah terjadi, maka jumlah kerugian tersebut diukur berdasarkan selisih antara nilai tercatat aset dengan nilai kini estimasi arus kas masa depan (tidak termasuk ekspektasi kerugian kredit masa depan yang belum terjadi).

Nilai kini estimasi arus kas masa depan didiskonto menggunakan SBE awal dari aset keuangan tersebut. Jika pinjaman yang diberikan atau piutang memiliki suku bunga variabel, tingkat diskonto untuk mengukur kerugian penurunan nilai adalah SBE terkini.

Nilai tercatat aset keuangan dikurangi melalui penggunaan akun penyisihan dan jumlah kerugian tersebut diakui secara langsung dalam laba rugi. Pendapatan bunga terus diakui atas nilai tercatat yang telah dikurangi tersebut berdasarkan suku bunga yang digunakan untuk mendiskontokan arus kas masa depan dengan tujuan untuk mengukur kerugian penurunan nilai. Pinjaman yang diberikan dan piutang beserta dengan penyisihan terkait dihapuskan jika tidak terdapat kemungkinan yang realistis atas pemulihan di masa mendatang dan seluruh agunan, jika ada, sudah direalisasi atau ditransfer kepada Perusahaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

For loans and receivables carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a the Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment or impairment.

When there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan or receivable has a variable interest rate, the discount rate for measuring impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is directly recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Loans and receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

i. Aset keuangan (lanjutan)

Ketika penurunan nilai wajar aset keuangan tersedia untuk dijual telah diakui dalam ekuitas dan terdapat bukti obyektif bahwa aset tersebut mengalami penurunan nilai, maka kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus dikeluarkan dari ekuitas dan diakui dalam laba rugi meskipun aset keuangan tersebut belum dihentikan pengakuannya. Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui dalam laba rugi merupakan selisih antara biaya perolehan dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui dalam laba rugi.

Jika, dalam periode pelaporan berikutnya, nilai estimasi kerugian penurunan nilai aset keuangan bertambah atau berkurang yang dikarenakan peristiwa yang terjadi setelah penurunan nilai diakui, maka kerugian penurunan nilai yang sebelumnya diakui ditambahkan atau dikurangi (dipulihkan) dengan menyesuaikan akun penyisihan. Pemulihan tersebut tidak boleh mengakibatkan nilai tercatat aset keuangan melebihi biaya perolehan yang diamortisasi yang seharusnya jika penurunan nilai tidak diakui pada tanggal pemulihan dilakukan. Jika penghapusan nantinya terpulihkan, jumlah pemulihan aset keuangan diakui dalam laba rugi.

ii. Liabilitas keuangan

<u>Pengakuan awal</u>

Perusahaan mengklasifikasikan semua liabilitas keuangannya ke dalam kategori liabilitas keuangan yang diukur pada biaya perolehan diamortisasi, yang pada awalnya diakui sebesar nilai wajar dan termasuk biaya transaksi yang dapat diatribusikan secara langsung.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

i. Financial assets (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the assets are impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, in the subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. If a future write-off is later recovered, the recovery is recognized in profit or loss.

ii. Financial liabilities

<u>Initial recognition</u>

The Company classifies all its Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

ii. Liabilitas keuangan (lanjutan)

Pengukuran setelah pengakuan awal

Setelah pengakuan awal, utang dan pinjaman diukur pada biaya perolehan yang diamortisasi dengan menggunakan metode SBE dan keuntungan atau kerugian terkait diakui dalam laba rugi melalui proses amortisasi. Biaya perolehan yang diamortisasi diukur dengan menggunakan metode SBE dikurangi penyisihan penurunan nilai dan pembayaran atau pengurangan pokok. Perhitungan ini mencakup seluruh premi atau diskonto pada saat perolehan dan mencakup biaya transaksi serta komisi yang merupakan bagian tak terpisahkan dari SBE. Arus kas terkait dengan pinjaman dan utang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

Penghentian pengakuan

Suatu liabilitas keuangan dihentikan pengakuannya pada saat kewajiban yang ditetapkan dalam kontrak dihentikan, dibatalkan atau kadaluwarsa.

Ketika suatu liabilitas keuangan ditukar dengan liabilitas keuangan lain dari pemberi pinjaman yang sama atas persyaratan yang secara substansial berbeda, atau bila persyaratan dari liabilitas keuangan tersebut dimodifikasi secara substansial, pertukaran atau modifikasi persyaratan tersebut dicatat sebagai penghentian pengakuan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat masing-masing liabilitas keuangan tersebut diakui dalam laba rugi.

iii. Saling hapus instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai netonya disajikan dalam laporan posisi keuangan jika, dan hanya jika, terdapat hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui dari aset keuangan dan liabilitas keuangan tersebut dan terdapat intensi untuk menyelesaikan dengan menggunakan dasar neto, atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara bersamaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

ii. Financial liabilities (continued)

Subsequent measurement

Subsequent to initial recognition, loans and borrowings are measured at amortized costs using the EIR method and the related gains and losses are recognized in profit or loss through amortization process. Amortized cost is computed using the EIR method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the EIR. Cash flows relating to short-term loans and borrowings are not discounted if the effect of discounting is immaterial.

Derecognition

A financial liability is derecognized when the obligation under the contract is discharged, cancelled or expired.

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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

c. Instrumen keuangan (lanjutan)

iv. Nilai wajar instrumen keuangan

Nilai wajar instrumen keuangan yang tidak diperdagangkan di pasar aktif ditentukan dengan menggunakan teknik penilaian. Teknik penilaian tersebut meliputi penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang berkeinginan dan memahami (*recent arm's-length market transaction*), referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, analisis arus kas yang didiskonto, atau model penilaian lainnya.

d. Transaksi dan saldo dalam mata uang asing

i. Mata uang fungsional dan penyajian

Pos-pos dalam laporan keuangan dari setiap entitas dalam Perusahaan diukur dalam mata uang pada lingkungan ekonomi utama dimana entitas beroperasi ("mata uang fungsional"). Laporan keuangan disajikan dalam Rupiah, yang merupakan mata uang fungsional dan penyajian Perusahaan.

ii. Transaksi dan saldo dalam mata uang asing

Transaksi dalam mata uang selain mata uang Rupiah dijabarkan menjadi mata uang Rupiah dengan menggunakan kurs yang berlaku pada tanggal transaksi.

Nilai tukar mata uang asing terhadap Rupiah pada tanggal 31 Desember 2021 dan 2020 (berdasarkan kurs yang ditetapkan oleh Thomas Cook Group) adalah sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

iv. Fair value of financial instruments

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

d. Transactions and balances in foreign currencies

i. Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Rupiah, which is the Company's functional and presentation currency.

ii. Transactions and balances in foreign currencies

Transactions denominated in currencies other than Rupiah are converted into Rupiah at the rates prevailing as of the date of the transaction.

The exchange rate of foreign currency against Rupiah on December 31, 2021 and 2020 (based on the exchange rate set by the Thomas Cook Group) were as follows:

	31 Desember 2021/ *December 31, 2021*	31 Desember 2020/ *December 31, 2020*	
1 Dolar Amerika Serikat	14.252,50	14.050,00	*United States of America Dollar 1*
1 Euro	16.207,99	16.718,63	*Euro 1*

Keuntungan atau kerugian dari selisih kurs, yang sudah terealisasi maupun yang belum, baik yang berasal dari transaksi dalam mata uang asing maupun penjabaran aset dan liabilitas moneter dibebankan dalam laba rugi, kecuali jika ditangguhkan dalam penghasilan komprehensif lain sebagai lindung nilai arus kas dan lindung nilai investasi neto yang memenuhi syarat.

Realized or unrealized foreign exchange gains or losses arising from transactions in foreign currency and from the translation of foreign currency monetary assets and liabilities are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

e. Transaksi dengan pihak-pihak berelasi

Pihak berelasi adalah orang atau entitas yang terkait dengan entitas yang menyiapkan laporan keuangannya.

i. Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:

1). Memiliki pengendalian atau pengendalian bersama atas entitas pelapor;
2). Memiliki pengaruh signifikan atas entitas pelapor; atau
3). Personil manajemen kunci entitas pelapor atau entitas induk entitas pelapor.

ii. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

1). Entitas dan entitas pelapor adalah anggota dari Perusahaan yang sama (artinya entitas induk, entitas anak dan entitas anak berikutnya terkait dengan entitas lain);
2). Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan, yang mana entitas lain tersebut adalah anggotanya);
3). Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
4). Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
5). Entitas tersebut adalah suatu program imbalan pasca-kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor;
6). Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf i);
7). Orang yang diidentifikasi dalam huruf i) 1) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas); dan
8). Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transactions with related parties

A related party is a person or entity that is related to the entity preparing its financial statements.

i. A person or a close member of that person's family is related to reporting entity if that person:

1). Has control or joint control over the reporting entity;
2). Has significant influence over the reporting entity; or
3). Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

ii. An entity is related to a reporting entity if any the following conditions applies:

1). The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2). One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3). Both entities are joint ventures of the third party.
4). One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
5). The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
6). The entity is a controlled or jointly controlled by a person identified in i).
7). A person identified in i) 1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
8). An entity, or member of a group where the entity is part of the group, provides services to key management personnel to the reporting entity or to the parent entity of the reporting entity.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Transaksi dengan pihak-pihak berelasi (lanjutan)

e. Transactions with related parties (continued)

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, dimana persyaratan tersebut mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

This transaction is carried out based on terms agreed by both parties, where such requirements may not be the same as other transactions conducted with unrelated parties.

f. Biaya dibayar dimuka

f. Prepaid expenses

Biaya dibayar dimuka diamortisasi berdasarkan masa manfaatnya dengan menggunakan metode garis lurus (*straight-line method*).

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

g. Aset tetap

g. Fixed assets

Seluruh aset tetap awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan supaya aset tersebut siap digunakan sesuai dengan maksud manajemen.

All fixed assets are initially recognized at cost, which comprises the purchase price and any costs directly attributable in bringing the assets to the location and condition necessary for the assets to be capable of operating in the manner intended by management.

Aset tetap dinyatakan sebesar biaya perolehan dikurangi dengan akumulasi penyusutan dan penyisihan penurunan nilai. Tanah tidak disusutkan. Termasuk juga ke dalam biaya perolehan adalah biaya-biaya penggantian bagian dari aset tetap jika biaya itu terjadi, dan apabila terdapat kemungkinan yang besar bahwa Perusahaan akan mendapat manfaat ekonomis di masa depan dari bagian aset tersebut serta biaya perolehannya dapat diukur secara andal.

Fixed assets are stated at cost less accumulated depreciation and allowance for impairment. Land is not depreciated. The cost includes the cost of replacing part of the fixed assets when that cost is incurred, 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.

Demikian pula, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah tercatat *(carrying amount)* aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laba rugi pada saat terjadinya.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Biaya legal awal yang terjadi untuk memperoleh hak atas tanah diakui sebagai bagian dari biaya akuisisi.

Initial legal costs incurred to obtain legal rights of land are recognized as part of the acquisition costs.

Penyusutan dihitung dengan menggunakan metode garis lurus selama estimasi masa manfaat aset tetap yang bersangkutan yaitu sebagai berikut:

Depreciation is calculated using the straight-line method over the estimated useful lifes of the assets as follows:

	Tahun/*Year*	
Lisensi	4	*Licence*
Instalasi	4	*Instalation*
Furnitur kantor	4	*Office furniture*
Kendaraan	4	*Vehicles*
Perlengkapan kantor	4	*Office supplies*

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

g. Aset tetap (lanjutan)

Aset dalam penyelesaian merupakan biaya-biaya yang berhubungan langsung dengan pembangunan dan akuisisi aset tetap, termasuk biaya pendanaan, jika ada. Biaya-biaya tersebut akan dipindahkan ke aset tetap yang bersangkutan pada saat pembangunannya telah selesai. Penyusutan mulai dibebankan pada saat aset tersebut siap digunakan.
Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis di masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset, yang merupakan perbedaan antara jumlah neto hasil pelepasan dengan jumlah tercatatnya, disajikan dalam laba rugi.

Nilai residu, umur manfaat dan metode penyusutan ditinjau ulang dan, jika diperlukan, akan disesuaikan secara prospektif pada setiap tanggal pelaporan.

h. Penurunan nilai aset non-keuangan

Aset yang memiliki umur manfaat tidak terbatas, sebagai contoh goodwill atau aset tak berwujud yang belum siap digunakan, tidak diamortisasi dan dilakukan pengujian penurunan nilai secara tahunan, atau lebih sering apabila terdapat peristiwa atau perubahan pada kondisi yang mengindikasikan kemungkinan penurunan nilai.

Aset yang diamortisasi atau disusutkan ditinjau ulang ketika *terdapat* indikasi bahwa jumlah tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika jumlah tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah nilai yang lebih tinggi antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan sampai tingkat yang paling rendah dimana arus kasnya dapat diidentifikasi ("UPK"). Aset non-keuangan selain *goodwill* yang mengalami penurunan nilai ditinjau ulang pada setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

Pemulihan kerugian penurunan nilai untuk aset selain *goodwill*, diakui jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak peninjauan ulang penurunan nilai yang terakhir. Pembalikan kerugian penurunan nilai tersebut diakui segera dalam laba rugi, kecuali untuk aset yang disajikan pada jumlah revaluasian yang diatur PSAK lain. Kerugian penurunan nilai yang diakui atas *goodwill* tidak dibalik kembali.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Fixed assets (continued)

Construction in progress represents costs directly attributable to the construction and acquisition of fixed assets, including financial costs, if any. These costs are transferred to the relevant asset account when the construction is complete. Depreciation is charged from the date the assets are ready for use.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

The residual values, useful lifes and methods of depreciation are reviewed, and adjusted prospectively, if appropriate, at each reporting date.

h. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGU"). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Reversal on impairment loss for assets other than goodwill would be recognized if there had been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment loss will be immediately recognized in profit or loss, except for assets measured using the revaluation model as required by other PSAK. Impairment loss relating to goodwill would not be reversed.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

i. Modal saham

Biaya tambahan yang secara langsung dapat diatribusikan kepada penerbitan saham biasa atau opsi disajikan pada ekuitas sebagai pengurang penerimaan, setelah dikurangi pajak.

Ketika Perusahaan membeli modal saham ekuitas entitas (saham treasuri), imbalan yang dibayar, termasuk biaya tambahan yang secara langsung dapat diatribusikan (dikurangi pajak penghasilan) dikurangkan dari ekuitas yang diatribusikan kepada pemilik ekuitas entitas sampai saham tersebut dibatalkan atau diterbitkan kembali. Ketika saham biasa tersebut selanjutnya diterbitkan kembali, imbalan yang diterima, dikurangi biaya tambahan transaksi yang terkait dan dampak pajak penghasilan yang terkait dimasukkan pada ekuitas yang dapat diatribusikan kepada pemilik Entitas Induk.

j. Imbalan kerja

i. Program imbalan pasti

Liabilitas program pensiun imbalan pasti yang diakui dalam laporan posisi keuangan adalah nilai kini kewajiban imbalan pasti pada tanggal pelaporan dikurangi nilai wajar aset program. Perhitungan tersebut dilakukan oleh aktuaris independen dengan menggunakan metode *projected unit credit*. Nilai kini kewajiban imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas keluar di masa depan menggunakan tingkat bunga obligasi pemerintah dengan pertimbangan bahwa pada saat ini tidak terdapat pasar aktif untuk obligasi korporasi yang berkualitas tinggi yang memiliki periode jatuh temponya berdekatan dengan periode liabilitas tersebut.
Beban yang diakui di laba rugi termasuk biaya jasa kini, beban/pendapatan bunga, biaya jasa lalu dan keuntungan/kerugian penyelesaian.

Pengukuran kembali program imbalan pasti diakui dalam penghasilan komprehensif lain. Pengukuran kembali terdiri dari keuntungan dan kerugian aktuaria, imbal hasil aset program (diluar pendapatan bunga yang sudah diakumulasi dalam perhitungan bunga neto/aset) dan setiap perubahan atas dampak batas atas aset (diluar pendapatan bunga yang sudah diakumulasi dalam perhitungan bunga neto/aset).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Capital stock

Additional costs that are directly attributable to the issuance of ordinary shares or options are presented in equity as deduction from income, net of tax.

When the Company purchases the entity's equity capital (treasury shares), the benefits paid, including additional costs that are directly attributable (less income tax) are deducted from equity attributable to the owners of the equity until the shares are canceled or reissued. When the ordinary shares are subsequently reissued, the benefits received, less the related transaction costs and the related income tax effects are included in equity which can be attributed to the owners of the Parent Entity.

j. Employee benefits

i. Defined benefit plans

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The calculation is performed by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rates considering currently there is no deep market for high quality corporate bonds that have terms to maturity approximating the terms of the related liability.

Expense charged to profit or loss includes current service costs, interest expense/income, past-service cost and gains and losses on settlements.

Remeasurements of defined benefit plans are recognized in other comprehensive income. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability/asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability/asset).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

j. Imbalan kerja (lanjutan)

i. Program imbalan pasti (lanjutan)

Biaya jasa lalu diakui segera dalam laba rugi, kecuali perubahan pada program pensiun tergantung pada kondisi karyawan memberikan jasanya selama periode tertentu (periode *vesting*). Dalam hal ini, biaya jasa lalu diamortisasi dengan menggunakan metode garis lurus sepanjang periode *vesting*.

Keuntungan dan kerugian atas kurtailmen diakui ketika terdapat komitmen untuk mengurangi jumlah karyawan yang tercakup dalam suatu program secara signifikan atau ketika terdapat perubahan ketentuan dalam program imbalan pasti yang menyebabkan bagian yang material dari jasa masa depan, karyawan tidak lagi memberikan imbalan atau memberikan imbalan yang lebih rendah.

Program imbalan pasti yang diselenggarakan oleh Perusahaan meliputi pensiun imbalan pasti dan kewajiban imbalan pasti berdasarkan Undang-Undang ("UU") Ketenagakerjaan No. 13/2003 atau Kontrak Kerja Bersama ("KKB"), mana yang lebih tinggi.

ii. Program iuran pasti

Program iuran pasti merupakan program imbalan pasca kerja, dimana entitas membayar iuran tetap kepada suatu entitas terpisah dan tidak memiliki kewajiban hukum ataupun konstruktif untuk membayar iuran lebih lanjut. Kewajiban untuk membayar iuran secara reguler merupakan biaya imbalan kerja karyawan untuk tahun dimana jasa diberikan oleh karyawan.

iii. Imbalan kerja jangka panjang lainnya

Karyawan Perusahaan memiliki hak untuk menerima penghargaan masa kerja untuk jangka waktu tertentu dalam bentuk kas dalam jumlah tertentu atau barang, yang disebut Ulang Tahun Dinas ("UTD") atau cuti berimbalan jangka panjang ("cuti besar") dalam bentuk jumlah hari cuti berdasarkan periode jasa yang dipersyaratkan.

Kewajiban terkait dengan UTD dihitung oleh aktuaris independen dengan menggunakan metode *projected unit credit* dan dibayarkan pada saat karyawan mencapai UTD tertentu selama masa kerjanya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Employee benefits (continued)

i. Defined benefit plans (continued)

Past-service costs are recognized immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Gains and losses on curtailment are recognized when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of defined benefit plan terms such as that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

The defined benefit plans provided by the Company cover defined benefit pension and defined benefit obligation under Labour Law No. 13/2003 ("Labour Law") or the Collective Labour Agreement (the "CLA"), whichever is higher.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the regular contributions constitute employee benefit costs for the year during which services are rendered by employees.

iii. Other long-term benefits

Employees of the Company are entitled to receive long service awards, namely Ulang Tahun Dinas ("UTD") in the form of certain cash awards or goods and long-service paid leave ("LSL") in the form of a certain number of days of leave benefits based on the length of service requirements.

The obligation with respect to UTD is calculated by an independent actuary using the projected unit credit method, and paid at the time the employees reach certain anniversary dates during employment.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

j. Imbalan Kerja (lanjutan)

iii. Imbalan kerja jangka panjang lainnya (lanjutan)

Cuti besar merupakan imbalan sejumlah hari cuti tertentu, yang tergantung pada persetujuan manajemen, diberikan kepada karyawan yang telah memenuhi persyaratan jumlah tahun memberikan jasa.

Biaya jasa lalu dan keuntungan atau kerugian aktuarial yang timbul dari penyesuaian akibat perbedaan antara asumsi aktuarial dan kenyataan dan perubahan asumsi-asumsi aktuarial dibebankan secara langsung ke laba rugi.

k. Pengakuan pendapatan dan beban

i. Penjualan jasa

Pendapatan dari penjualan jasa diakui dalam laba rugi pada saat jasa diberikan. Untuk penjualan jasa yang mengacu pada tingkat penyelesaian dari transaksi pada tanggal pelaporan, tingkat penyelesaian transaksi ditentukan dengan memperhatikan survei pekerjaan yang telah dilaksanakan.

Pendapatan dari penjualan jasa diakui pada saat terpenuhinya seluruh kondisi berikut:
- jumlah pendapatan dapat diukur secara andal;
- besar kemungkinan manfaat ekonomi sehubungan dengan transaksi tersebut akan mengalir ke Perusahaan;
- tingkat penyelesaian dari suatu transaksi pada tanggal pelaporan dapat diukur secara andal; dan
- biaya yang timbul untuk transaksi dan biaya untuk menyelesaikan transaksi tersebut dapat diukur dengan andal.

Bila hasil transaksi penjualan jasa tidak dapat diestimasi dengan andal, pendapatan yang diakui hanya sebesar beban yang telah diakui yang dapat diperoleh kembali. Taksiran rugi pada jasa segera diakui dalam laba rugi.

ii. Beban

Beban diakui pada saat terjadinya berdasarkan konsep akrual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Employee Benefits (continued)

iii. Other long-term benefits (continued)

LSL is a certain number of days leave benefit, subject to approval by management, provided to employees who have met the requisite number of years of service.

Past service cost and actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged immediately to profit or loss.

k. Revenues and expenses recognition

i. Sales of services

Revenue from sales of services is recognized in profit or loss when the services are rendered. For sales of services in which the service are rendered by reference to the stage of completion of the transaction at the reporting date, the stage of completion is assessed by reference to surveys of work performed.

Revenue from rendering of services is recognized when all of the following conditions are met:
- *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 reporting date 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 a transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. An expected loss on a service is recognized immediately in profit or loss.

ii. Expenses

Expenses are recognized when incurred on an accrual basis.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

l. Perpajakan

Pajak kini

Aset dan liabilitas pajak kini untuk periode berjalan diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan. Beban pajak kini ditentukan berdasarkan estimasi penghasilan kena pajak periode berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Kekurangan pembayaran pajak penghasilan dicatat sebagai bagian dari beban pajak kini dalam laba rugi. Perusahaan juga menyajikan bunga/denda, jika ada, sebagai bagian dari beban pajak kini.
Koreksi terhadap liabilitas perpajakan diakui pada saat surat ketetapan pajak diterima atau, jika diajukan keberatan, pada saat keputusan atas keberatan ditetapkan.

Pajak tangguhan

Aset dan liabilitas pajak tangguhan diakui menggunakan metode liabilitas atas konsekuensi pajak pada masa mendatang yang timbul dari perbedaan jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dan aset pajak tangguhan diakui untuk semua perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi penghasilan kena pajak pada masa depan.

Jumlah tercatat aset pajak tangguhan ditelaah ulang pada akhir setiap periode pelaporan dan diturunkan apabila penghasilan kena pajak mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan tersebut. Pada akhir setiap periode pelaporan, Perusahaan menilai kembali aset pajak tangguhan yang tidak diakui. Perusahaan mengakui aset pajak tangguhan yang sebelumnya tidak diakui apabila besar kemungkinan bahwa penghasilan kena pajak pada masa depan akan tersedia untuk pemulihannya.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal pelaporan. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada laba rugi periode berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Taxation

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. Current tax expense is determined based on the estimated taxable income for the period computed using the prevailing tax rates.

Underpayment of income tax are presented as part of current tax expense in profit or loss. The Company also presented interest/penalty, if any, as part of current tax expense.

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period profit or loss, except to the extent that they relate to items previously charged or credited to equity.

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Perpajakan (lanjutan)

Aset dan liabilitas pajak tangguhan disajikan secara saling hapus dalam laporan posisi keuangan konsolidasian, kecuali aset dan liabilitas pajak tangguhan untuk entitas yang berbeda, sesuai dengan penyajian aset dan liabilitas pajak kini.

l. Taxation (continued)

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

m. Provisi

Provisi diakui jika, sebagai akibat peristiwa masa lalu, Perusahaan memiliki kewajiban kini, baik bersifat hukum maupun bersifat konstruktif yang dapat diukur secara andal dan kemungkinan besar penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi. Jika dampak nilai waktu uang cukup material, maka provisi dinyatakan pada estimasi nilai kini dari jumlah kewajiban yang harus diselesaikan.

m. Provision

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. Where the time value of money is material, provision is stated at the present value of the expenditure expected to be required to settle the obligation.

n. Peristiwa setelah periode pelaporan

Peristiwa setelah periode pelaporan yang memberikan informasi tambahan atas posisi Perusahaan pada akhir periode pelaporan (peristiwa yang memerlukan penyesuaian) tercermin dalam laporan keuangan.

Peristiwa setelah periode pelaporan yang tidak memerlukan penyesuaian diungkapkan dalam catatan atas laporan keuangan apabila material.

n. Events after the reporting period

Events after the reporting period that provide additional information on the Company's position at the end of the reporting period (events that require adjustments) are reflected in the financial statements.

Events after the reporting period that do not require adjustments are disclosed in the notes to the financial statements if material.

o. Pernyataan dan Interpretasi Standar Akuntansi Baru dan Revisi yang Berlaku Efektif pada Tahun Berjalan

Berikut adalah revisi, amendemen dan penyesuaian atas standar akuntansi keuangan (SAK) serta interpretasi atas SAK berlaku efektif untuk tahun buku yang dimulai pada atau setelah 1 Januari 2020, yaitu:

- PSAK 71: Instrumen Keuangan;
- PSAK 72: Pendapatan dari Kontrak dengan Pelanggan;
- PSAK 73: Sewa;
- PSAK 62 (Amendemen 2017): Kontrak Asuransi - Menerapkan PSAK 71: Instrumen Keuangan dengan PSAK 62: Kontrak Asuransi;
- PSAK 15 (Amendemen 2017): Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama;
- PSAK 71 (Amendemen 2018): Instrumen Keuangan tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif;
- ISAK 35: Penyajian Laporan Keuangan Entitas Berorientasi Nonlaba;

o. Standards, Amendments/Improvements and Interpretation to Standards Effective in the Current Year

The following are revision, amendments and adjustments of standards and interpretation of standard issued by DSAK - IAI and effectively applied for the year starting on or after January 1, 2020, are as follows:

- *PSAK 71: Financial Instruments;*
- *PSAK 72: Revenue from Contracts with Customers;*
- *PSAK 73: Leases;*
- *PSAK 62 (Amendment 2017): Insurance Contract- Applying SFAS 71: Financial Instruments with SFAS 62: Insurance Contracts;*
- *PSAK 15 (Amendment 2017): Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures;*
- *PSAK 71 (Amendment 2018): Financial Instruments: Prepayment Features with Negative Compensation;*
- *ISAK 35: Presentation of Non-profit oriented entity Financial Statements;*

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (lanjutan)

o. Pernyataan dan Interpretasi Standar Akuntansi Baru dan Revisi yang Berlaku Efektif pada Tahun Berjalan (lanjutan)

- PSAK 1 (Amendemen dan Penyesuaian Tahunan 2019): Penyajian Laporan Keuangan;
- PSAK 25 (Amendemen 2019): Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan tentang Definisi Material;
- PSAK 102 (Revisi 2019): Akuntansi Murabahah;
- ISAK 101: Pengakuan Pendapatan Murabahah Tangguh Tanpa Risiko Signifikan terkait Kepemilikan Persediaan;
- ISAK 102: Penurunan Nilai Piutang Murabahah;
- ISAK 36: Interpretasi atas Interaksi antara Ketentuan Mengenai Hak atas Tanah dalam PSAK 16: Aset Tetap dan PSAK 73: Sewa;
- PPSAK 13: Pencabutan PSAK 45: Pelaporan Keuangan Entitas Nirlaba; dan
- Amendemen PSAK 71, Amendemen PSAK 55, Amendemen PSAK 60, tentang Reformasi Acuan Suku Bunga.

Sampai dengan tanggal penerbitan laporan keuangan, dampak dari penerapan standar, amendemen dan interpretasi tersebut terhadap laporan keuangan tidak dapat diketahui atau diestimasi oleh manajemen.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Standards, Amendments/Improvements and Interpretation to Standards Effective in the Current Year (continued)

- *PSAK 1 (Amendment and Improvement 2019): Presentation of Financial Statements regarding Title of Financial Statements;*
- *PSAK 25 (Amendment 2019): Accounting Policies, Changes in Accounting Estimates and Errors;*
- *PSAK 102 (Revised 2019): Accounting for Murabahah;*
- *ISAK 101: Revenue Recognition on Deferred Murabahah without Significant Risk related to Inventories Ownership;*
- *ISAK 102: Impairment on Murabahah Receivable;*
- *ISAK 36: Interpretation of the Interaction between the Provisions Regarding Land Rights in PSAK 16: Fixed Assets and PSAK 73: Leases;*
- *PPSAK 13: Revocation of PSAK 45: Nonprofit Entity Financial Reporting; and*
- *Amendment PSAK 71, Amendment PSAK 55, Amendment PSAK 60 regarding Interest Rate Benchmark Reform.*

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements are not known nor reasonably estimable by management.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mewajibkan manajemen untuk membuat estimasi dan asumsi yang mempengaruhi jumlah-jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan liabilitas kontinjensi pada tanggal pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

a. Pertimbangan

Pertimbangan-pertimbangan berikut dibuat oleh manajemen dalam proses penerapan kebijakan akuntansi Perusahaan yang memiliki dampak yang paling signifikan terhadap jumlah-jumlah yang diakui dalam laporan keuangan:

<u>Penentuan Mata Uang Fungsional</u>

Berdasarkan substansi ekonomis dari kondisi yang sesuai dengan Perusahaan, mata uang fungsional telah ditentukan berupa Rupiah, karena hal ini berkaitan dengan fakta bahwa mayoritas bisnis Perusahaan dipengaruhi oleh lingkungan ekonomi utama dimana Perusahaan beroperasi dan harga jual jasa dan barang dalam mata uang Rupiah.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make judgments of estimations and assumptions that affect the amounts reported on income, expenses, assets and liabilities and disclosures of Contingent liabilities at the reporting date. The estimation uncertainty may cause adjustment to the carrying amounts of assets and liabilities within the next reporting period.

a. Judgements

The following judgements, made by management in the process of applying the Company's accounting policies, have the most significant effects on the amounts recognized in the consolidated financial statements:

<u>Determination of functional currency</u>

Based on the economic substance of conditions that are in accordance with the Company, the functional currency has been determined in the form of Rupiah, because this relates to the fact that the majority of the Company's business is affected by the main economic environment in which the Company operates and the selling price of services and goods in Rupiah.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

a. Pertimbangan (lanjutan)

Klasifikasi aset keuangan dan liabilitas keuangan

Perusahaan menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan apakah definisi yang ditetapkan PSAK No. 55 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2c.

b. Estimasi dan asumsi

Asumsi utama mengenai masa depan dan sumber utama lain dalam mengestimasi ketidakpastian pada tanggal pelaporan yang mempunyai risiko signifikan yang dapat menyebabkan penyesuaian material terhadap jumlah tercatat aset dan liabilitas dalam periode pelaporan berikutnya diungkapkan di bawah ini. Perusahaan mendasarkan asumsi dan estimasi pada parameter yang tersedia saat laporan keuangan disusun. Kondisi yang ada dan asumsi mengenai perkembangan masa depan dapat berubah karena perubahan situasi pasar yang berada di luar kendali Perusahaan. Perubahan tersebut tercermin dalam asumsi ketika keadaan tersebut terjadi.

Penurunan nilai aset keuangan

Penyisihan dibentuk berdasarkan pengalaman penagihan masa lalu dan faktor-faktor lainnya yang mungkin mempengaruhi kolektibilitas, antara lain kemungkinan kesulitan likuiditas atau kesulitan keuangan yang signifikan yang dialami oleh debitur atau penundaan pembayaran yang signifikan.

Jika terdapat bukti obyektif penurunan nilai, maka saat dan besaran total yang dapat ditagih diestimasi berdasarkan pengalaman kerugian masa lalu. Penyisihan penurunan nilai dibentuk atas akun-akun yang diidentifikasi secara spesifik telah mengalami penurunan nilai. Akun pinjaman dan piutang dihapusbukukan berdasarkan keputusan manajemen bahwa aset keuangan tersebut tidak dapat ditagih atau direalisasi meskipun segala cara dan tindakan telah dilaksanakan. Suatu evaluasi atas piutang, yang bertujuan untuk mengindentifikasi total penyisihan yang harus dibentuk, dilakukan secara berkala sepanjang tahun. Oleh karena itu, saat dan besaran total penyisihan penurunan nilai yang tercatat pada setiap tahun dapat berbeda tergantung pada pertimbangan dan estimasi yang digunakan.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a. Judgements (continued)

Classification of financial assets and financial liabilities

The Company determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Notes 2c.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation 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 reporting period are disclosed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes on circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of financial assets

The level of allowance is based on past collection experience and other factors that may affect collectability such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

If there is objective evidence of impairment, timing and collectible amounts are estimated based on historical loss data. Allowance for impairment is provided on accounts specifically identified as impaired. Loans and receivables written off are based on management's decisions that the financial assets are uncollectible or cannot be realized regardless of actions taken. Evaluation of receivables to determine the total allowance to be provided is performed periodically during the year. Therefore, the timing and amount of allowance for impairment recorded in each year might differ based on the judgements and estimates that have been used.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

b. Estimasi dan asumsi (lanjutan)

Penentuan nilai wajar dikurangi biaya untuk menjual atau nilai pakai mengharuskan manajemen untuk membuat estimasi dan asumsi mengenai pendapatan, biaya operasi, dan pengeluaran modal di masa depan. Estimasi dan asumsi ini mengandung risiko dan ketidakpastian; sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat mempengaruhi nilai aset yang dapat dipulihkan kembali. Dalam keadaan seperti itu, sebagian atau seluruh jumlah tercatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan penyisihan penurunan nilai.

Penyusutan, estimasi nilai sisa dan masa manfaat aset tetap

Masa manfaat aset tetap Perusahaan diestimasi berdasarkan jangka waktu aset tersebut diperkirakan dapat digunakan. Estimasi tersebut didasarkan pada penilaian kolektif berdasarkan bidang usaha yang sama, evaluasi teknis internal dan pengalaman terhadap aset sejenis. Taksiran masa manfaat setiap aset ditelaah secara berkala dan diperbarui jika estimasi berbeda dari perkiraan sebelumnya yang disebabkan karena pemakaian, usang secara teknis atau komersial serta keterbatasan hak atau pembatasan lainnya terhadap penggunaan aset.

Hasil operasi di masa mendatang mungkin dapat terpengaruh secara signifikan oleh perubahan dalam waktu dan biaya yang terjadi karena perubahan yang disebabkan oleh faktor-faktor yang disebutkan di atas. Penurunan taksiran masa manfaat ekonomis setiap aset tetap akan menyebabkan kenaikan beban penyusutan dan penurunan nilai tercatat aset tetap.

Imbalan kerja

Penentuan liabilitas imbalan kerja Perusahaan bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji, tingkat kematian, usia pensiun dan tingkat pengunduran diri. Hasil aktual yang berbeda dari asumsi yang ditetapkan Perusahaan diakui dalam penghasilan komprehensif lain. Sementara Perusahaan berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dapat mempengaruhi secara material liabilitas imbalan kerja dan beban imbalan kerja neto yang diakui dalam laba rugi dan penghasilan komprehensif lain.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

The determination of fair value less costs to sell or value in use requires management to make estimates and assumptions about expected revenue, operating costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired, or the allowance for impairment may be reduced.

Depreciation, estimate of residual values and useful lives of fixed assets and investment properties

The useful lifes of the Company's fixed assets and investment properties are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluations and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of fixed assets and investment properties would increase the recorded depreciation and decrease the carrying values of fixed assets and investment properties.

Employee benefits

The determination of the Company's employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, salary increase rate, mortality rate, retirement age and resignation rate. Actual results that differ from the Company's assumptions are recognized in other comprehensive income. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company actual results or significant changes in the Company's assumptions may materially affect its estimated liabilities for employee benefits and net employee benefits expense recognized in profit or loss and other comprehensive income.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (lanjutan)

b. Estimasi dan asumsi (lanjutan)

Beban pajak kini

Perusahaan mengakui beban pajak kini berdasarkan estimasi penghasilan kena pajak periode berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Aset pajak tangguhan

Aset pajak tangguhan diakui untuk semua perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi penghasilan kena pajak pada masa depan. Estimasi signifikan oleh manajemen disyaratkan dalam menentukan total aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak serta strategi perencanaan pajak masa depan.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

Current tax expense

The Company recognizes current tax expense based on the estimated taxable income for the period computed using the prevailing tax rates.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable income together with future tax planning strategies.

(Presented in Rupiah, unless otherwise stated)

4. KAS DAN BANK

4. CASH ON HAND AND IN BANKS

	2021	2020	
Kas			*Cash on hand*
Rupiah	87.851.840	63.247.480	*Indonesian Rupiah*
Dolar Amerika Serikat	8.580.005	26.723.100	*US Dollar*
Bank			*Cash in banks*
Rupiah			*Indonesian Rupiah*
PT. Bank Negara Indonesia (Persero) Tbk.	12.531.653	447.220.773	*PT Bank Negara Indonesia (Persero) Tbk.*
PT. Bank ANZ Indonesia	43.730.376	457.688.866	*PT Bank ANZ Indonesia*
PT. Bank CIMB Niaga Tbk.	241.745.774	620.753.868	*PT.Bank CIMB Niaga Tbk.*
Dolar Amerika Serikat			*US Dollar*
PT. Bank ANZ Indonesia	1.029.720.321	500.721.206	*PT Bank ANZ Indonesia*
PT. Bank DBS Indonesia	59.986.065	53.720.737	*PT Bank DBS Indonesia*
PT. Bank Negara Indonesia (Persero) Tbk.	1.410.996	-	*PT Bank Negara Indonesia (Persero) Tbk.*
Euro			*Euro*
PT. Bank ANZ Indonesia	7.839	8.290	*PT Bank ANZ Indonesia*
Jumlah	**1.485.564.869**	**2.170.084.320**	***Total***

Tidak terdapat saldo pihak berelasi di dalam saldo kas dan bank.

There are no balance of cash and bank held by related parties.

5. PIUTANG USAHA

5. TRADE RECEIVABLE

	2021	2020	
Berdasarkan Pelanggan :			***By Customers:***
Pihak berelasi			*Related parties*
Asian Trails Holding Ltd	7.905.434	-	*Asian Trails Holding Ltd*
Jumlah pihak berelasi	**7.905.434**	**-**	***Total related parties***

	2021	2020	
Berdasarkan Pelanggan :			***By Customers:***
Pihak ketiga			*Third parties*
Sun Trade Travel	548.152.575	540.364.405	*Sun Trade Travel*
Tourasia Switzerland	130.059.763	131.583.870	*Tourasia Switzerland*
Turismo VCT LTDA	114.761.130	113.130.600	*Turismo VCT LTDA*
Tourasia Polska S.A.	113.464.152	111.852.050	*Tourasia Polska S.A.*
Tui Germany Optional	-	523.910.169	*Tui Germany Optional*
Tui Deutschland Gmbh	1.657.900	214.011.146	*Tui Deutschland Gmbh*
Lain-lain (dibawah Rp 100 juta)	510.314.277	34.711.087	*Others (below IDR 100 million)*
Jumlah pihak ketiga	**1.418.409.797**	**1.669.563.327**	***Total third parties***

	2021	2020	
Berdasarkan Umur :			***By Aging:***
Pihak berelasi			*Related Parties*
Kurang dari 30 hari	7.905.434	-	*Less than 30 days*
Jumlah	**7.905.434**	**-**	***Total***
Pihak ketiga			*Third parties*
Kurang dari 30 hari	7.018.644	22.508.100	*Less than 30 days*
31 s/d 60 hari	78.597.406	-	*31 s/d 60 days*
61 s/d 90 hari	-	-	*61 s/d 90 days*
Lebih dari 90 hari	1.332.793.747	1.647.055.227	*More than 90 days*
Jumlah	**1.418.409.797**	**1.669.563.327**	***Total***

5. PIUTANG USAHA (lanjutan)

5. TRADE RECEIVABLE (continued)

Seluruh piutang usaha didenominasi dalam mata uang Dolar Amerika Serikat. Perusahaan tidak memiliki jaminan atas saldo tersebut.

All outstanding trade accounts receivable are denominated in US Dollar. The Company does not hold any collateral over these balance.

Berdasarkan hasil penelaahan keadaan akun piutang usaha masing-masing pelanggan pada tanggal 31 Desember 2021 dan 2020, Manajemen Perusahaan berpendapat bahwa seluruh saldo piutang usaha dapat ditagih sehingga tidak membentuk cadangan penurunan nilai.

Based on review of the condition of each receivable at the end of December 31, 2021 and 2020, the Management of the Company believes, that all of the receivables balances are collectible hence no allowance for doubtful accounts were provided.

6. PIUTANG LAIN-LAIN

6. OTHERS RECEIVABLE

	2021	2020	
Pihak berelasi:			*Related parties:*
Asian Trails Holding Ltd.	8.907.812.497	18.265.000.000	*Asian Trails Holding Ltd.*
Jumlah Pihak berelasi	**8.907.812.497**	**18.265.000.000**	***Total Related parties***

	2021	2020	
Pihak ketiga:			*Third parties:*
Kontribusi biaya brosur	285.050.000	281.931.234	*Brochure cost contributions*
Lain-lain	1.031.949.269	1.495.776.118	*Others*
Jumlah Pihak ketiga	**1.316.999.269**	**1.777.707.352**	***Total Third parties***

Pada tanggal 31 Desember 2021 dan 2020 total piutang kepada Asian Trails Holding Ltd. sebesar USD 625.000 dan USD 1.300.000.

As of December 31, 2021 and 2020, total receivables from Asian Trails Holding Ltd. Amounting to USD 625,000 and USD 1,300,000.

7. BIAYA DIBAYAR DIMUKA

7. PREPAID EXPENSE

	2021	2020	
Sewa kantor	294.935.534	544.319.199	*Office rental*
Asuransi	38.540.185	15.324.054	*Insurance*
Lain-lain (dibawah Rp 50 juta)	357.020.137	395.290.989	*Others (below IDR 50 million)*
Jumlah	**690.495.856**	**954.934.242**	***Total***

8. UANG MUKA KE PEMASOK

8. ADVANCE PAYMENT TO SUPPLIERS

	2021	2020	
The Royal Pita Maha	525.821.616	525.812.539	*The Royal Pita Maha*
Ayana Resort Komodo	259.630.951	259.626.578	*Ayana Resort Komodo*
Alaya Resort Ubud	201.591.066	201.587.574	*Alaya Resort Ubud*
Melia Bali Villas & Spa	165.232.653	165.229.827	*Melia Bali Villas & Spa*
WakaLand Cruise	107.115.804	107.113.828	*WakaLand Cruise*
W Retreat & Spa Bali	64.152.925	171.071.676	*W Retreat & Spa Bali*
Lain-lain (dibawah Rp 50 juta)	1.203.703.011	1.016.866.502	*Others (below IDR 50 million)*
Jumlah	**2.527.248.026**	**2.447.308.523**	***Total***

(Presented in Rupiah, unless otherwise stated)

9. ASET TETAP

9. PROPERTY AND EQUIPMENT

	1 Januari 2021/ *January 1, 2021*	Penambahan/ *Additions*	Pengurangan/ Reklasifikasi *Deduction/ Recrasification*	31 Desember 2021/ *December 31, 2021*	
Biaya perolehan:					*Cost:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.271.504.212	-	-	1.271.504.212	*License*
Instalasi	1.078.619.600	-	-	1.078.619.600	*Instalation*
Furniture kantor	658.347.480	-	4.965.000	663.312.480	*Office furniture*
Kendaraan	5.084.640.000	-	-	5.084.640.000	*Vehicles*
Perlengkapan kantor	2.436.413.996	20.499.000	17.112.960	2.474.025.956	*Office supplies*
Jumlah	10.529.525.288	20.499.000	22.077.960	10.572.102.248	*Total*
Akumulasi penyusutan:					*Accumulated depreciation:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.271.504.212	-	-	1.271.504.212	*License*
Instalasi	1.055.680.093	18.513.387	-	1.074.193.480	*Instalation*
Furniture kantor	652.445.973	7.666.750	(16.784.243)	643.328.480	*Office furniture*
Kendaraan	4.067.346.267	508.265.625	(1.245.659.392)	3.329.952.500	*Vehicles*
Perlengkapan kantor	2.307.008.133	85.301.496	3.446.935	2.395.756.564	*Office supplies*
Jumlah	9.353.984.678	619.747.258	(1.258.996.700)	8.714.735.236	*Total*
Jumlah tercatat	**1.175.540.610**			**1.857.367.012**	*Net book value*

	1 Januari 2020/ *January 1, 2020*	Penambahan/ *Additions*	Pengurangan/ Reklasifikasi *Deduction/ Recrasification*	31 Desember 2020/ *December 31, 2020*	
Biaya perolehan:					*Cost:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	(13.000.000)	1.271.504.212	*License*
Instalasi	1.078.619.600	-	-	1.078.619.600	*Instalation*
Furniture kantor	655.941.837	-	2.405.643	658.347.480	*Office furniture*
Kendaraan	5.238.920.545	-	(154.280.545)	5.084.640.000	*Vehicles*
Perlengkapan kantor	2.296.826.474	9.693.960	129.893.562	2.436.413.996	*Office supplies*
Jumlah	10.554.812.668	9.693.960	(34.981.340)	10.529.525.288	*Total*
Akumulasi penyusutan:					*Accumulated depreciation:*
Pemilikan langsung					*Direct acquisition*
Lisensi	1.284.504.212	-	13.000.000	1.271.504.212	*License*
Instalasi	1.035.761.282	19.918.811	-	1.055.680.093	*Instalation*
Furniture kantor	637.119.319	14.635.578	(691.076)	652.445.973	*Office furniture*
Kendaraan	3.495.104.234	558.275.016	(13.967.017)	4.067.346.267	*Vehicles*
Perlengkapan kantor	2.193.681.461	114.952.058	1.625.386	2.307.008.133	*Office supplies*
Jumlah	8.646.170.508	707.781.463	(32.707)	9.353.984.678	*Total*
Jumlah tercatat	**1.908.642.160**			**1.175.540.610**	*Net book value*

Pada tanggal 31 Desember 2021 dan 2020, aset kendaraan telah diasuransikan kepada PT. Asuransi Astra Buana dengan nilai pertanggungan masing-masing sebesar Rp 3.635.000.000 dan Rp 8.562.500.000.

On December 31, 2021 and 2020, vehicles were insured with PT. Asuransi Astra Buana with coverage amounting to IDR 3,635,000,000 and IDR 8,562,500,000.

Manajemen Perusahaan berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan timbulnya kerugian atas aset yang dipertanggungkan.

The Company management believes that the insurance coverage are adequate to cover possible losses on the assets insured.

Beban penyusutan dicatat pada akun “Beban Umum dan Administrasi” sebesar Rp 619.747.258 dan Rp 707.781.463 masing-masing untuk tahun yang berakhir 31 Desember 2021 dan 2020 dalam laporan laba rugi komprehensif (Catatan 20).

Depreciation expense is recorded in “General and Administrative Expenses” amounting to IDR 619,747,258 and IDR 707,781,463 respectively, for the year ended December 31, 2021 and 2020 in the statement of comprehensive income. (Notes 20).

(Presented in Rupiah, unless otherwise stated)

10. UTANG USAHA / *10. TRADE PAYABLE*

	2021	2020	
Berdasarkan pemasok:			***By Supplier:***
Pihak berelasi	1.668.683	6.802.167	*Related Parties*
Pihak ketiga	161.011.347	250.508.550	*Third Parties*
Jumlah	**162.680.030**	**257.310.717**	***Total***
Berdasarkan Mata Uang:			***By Currencies:***
Pihak berelasi			*Related parties*
Dolar Amerika Serikat	1.668.683	6.802.167	*US Dollar*
Pihak ketiga			*Third parties*
Rupiah	16.111.347	250.508.550	*Indonesian Rupiah*
Jumlah	**17.780.030**	**257.310.717**	***Total***

11. BIAYA YANG MASIH HARUS DIBAYAR / *11. ACCRUED EXPENSES*

	2021	2020	
Komisi penjualan	1.177.135.068	1.160.410.294	*Commissions of sales*
Tiket pesawat untuk cuti tahunan	54.367.729	28.658.206	*Air ticket for annual leave*
Harga pokok penjualan	21.064.197	2.090.602.768	*Cost of sales*
Jasa audit	14.973.677	28.100.000	*Audit Fee*
Lain-lain (dibawah Rp 100 juta)	117.293.087	-	*Others (below IDR 100 million)*
Jumlah	**1.384.833.758**	**3.307.771.268**	***Total***

12. DEPOSIT DITERIMA DIMUKA / *12. DEPOSIT ACCEPTED IN ADVANCE*

	2021	2020	
American Express Meetings & Events	1.928.056.821	2.189.854.075	*American Express Meetings & Events*
Amedida	1.353.274.875	1.334.047.500	*Amedida*
Asialuxe Holidays	503.669.097	496.512.950	*Asialuxe Holidays*
Maman L'Agence	360.702.270	355.577.400	*Maman L'Agence*
Maman L'Agence | Bordeaux	335.580.813	330.812.870	*Maman L'Agence | Bordeaux*
Check Point Travel ApS	221.606.992	218.466.400	*Check Point Travel ApS*
Silverjet Belgium	210.381.152	155.378.950	*Silverjet Belgium*
Travel lab/L'Atelier Du Voyage	206.661.250	-	*Travel lab/L'Atelier Du Voyage*
Savile Row Travel	205.606.565	202.685.300	*Savile Row Travel*
CWT Kaleva Travel	142.182.940	140.162.800	*CWT Kaleva Travel*
Orkide Ekspressen	135.961.724	134.029.975	*Orkide Ekspressen*
Highland Adventures	106.993.517	105.473.350	*Highland Adventures*
A&S Signature Journeys, Inc.	102.247.435	100.794.700	*A&S Signature Journeys, Inc.*
TUI Deutschland GmbH | Optional Tours	-	214.010.584	*TUI Deutschland GmbH | Optional Tours*
L'Atelier Du Voyage	-	203.725.000	*L'Atelier Du Voyage*
Quivertree Family Expeditions Inc.	-	141.314.900	*Quivertree Family Expeditions Inc.*
Tang Dynasty Travel Co., Ltd	-	103.098.900	*Tang Dynasty Travel Co., Ltd*
Lain-lain (dibawah Rp 100 juta)	1.084.665.560	1.065.490.883	*Others (below IDR 100 million)*
Jumlah	**6.897.591.011**	**7.491.436.537**	***Total***

Akun ini merupakan pembayaran deposit dari pelanggan atas biaya tiket wisata dan jasa wisata lainnya.

This account was a deposit payment from the customer for the costs of tickets and other tourist services.

(Presented in Rupiah, unless otherwise stated)

13. PERPAJAKAN / *13. TAXATION*

a) Utang pajak terdiri dari: / *a) Tax payables consists of:*

	2021	2020	
Pajak penghasilan			*Income taxes*
Pasal 21	25.303.603	14.070.653	*Article 21*
Pasal 23	848.182.808	834.570.000	*Article 23**
Pajak pertambahan nilai	3.134.980	-	*Value added taxes*
Jumlah	**876.621.391**	**848.640.653**	***Total***

b) Pajak penghasilan / *b) Income taxes*

	2021	2020	
Laba (rugi) sebelum beban pajak penghasilan per laporan laba rugi	(7.292.503.079)	(7.203.370.115)	*Profit (loss) before income taxes per statements of income*
Perbedaan tetap	(3.403.299.752)	(16.383.602.539)	*Permanent differences*
Taksiran penghasilan kena pajak Perusahaan	(10.695.802.831)	(23.586.972.654)	***Estimated Corporate taxable income***
Pembulatan	**-**	**-**	**Rounded**
Beban pajak kini	N I H I L	N I H I L	*Income tax expense*
Dikurangi pembayaran pajak dibayar dimuka PPh pasal 25	-	-	*Less prepaid tax Income tax art 25*
Utang pajak penghasilan pasal 29	**N I H I L**	**N I H I L**	*Income tax payable art 29*

14. LIABILITAS IMBALAN KERJA KARYAWAN / *14. POST-EMPLOYEMENT BENEFITS OBLIGATION*

	2021	2020	
Liabilitas imbalan kerja keryawan	607.403.211	864.182.763	*Post employement benefits obligation*
Jumlah	**607.403.211**	**864.182.763**	***Total***

Perusahaan telah menghitung sendiri liabilitas imbalan pasca kerjanya.

The Company has calculated itself the employee benefit liability.

15. MODAL SAHAM / *15. CAPITAL STOCK*

Rincian pemegang saham Perusahaan dan persentase pemilikannya pada tanggal 31 Desember 2021 dan 2020 adalah sebagai berikut:

The breakdown of the Company's shareholders and their ownership percentage as per December 31, 2021 and 2020 are as follows:

Nama Pemegang Saham/ *Name of shareholders*	Jumlah saham/ *Number of shares*	Persentase kepemilikan/ *Percentage of ownership*	Jumlah Modal disetor/ *Paid-up capital stock*
Asian Trails Holding Ltd	1.320	66%	950.400.000
PT. Panorama Tirta Investama	680	34%	489.600.000
Jumlah/*Total*	**2.000**	**100,00%**	**1.440.000.000**

16. DIVIDEN TUNAI / *16. CASH DIVIDEND*

Berdasarkan Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 1 April 2020, pemegang saham menyetujui pembagian deviden tunai untuk tahun 2020 sebesar USD 450.000 (atau setara dengan Rp 6.322.500.000).

Based on Annual General Stockholders' Meeting, held on April 1, 2020, the stockholders approved the distribution of cash dividends for year 2020 amounting to USD 450,000 (equivalent to IDR 6,322,500,000).

(Presented in Rupiah, unless otherwise stated)

17. PENDAPATAN USAHA / *17. REVENUES*

	2021	2020	
Pendapatan	313.504.688	2.025.155.889	*Revenue*
Komisi penjualan	-	(108.705.412)	*Commision on sales*
Penjualan bersih	**313.504.688**	**1.916.450.477**	***Net sales***

18. BEBAN POKOK PENDAPATAN / *18. COST OF REVENUE*

	2021	2020	
Nusa Dua Beach Hotel & Spa	-	2.245.378.130	*Nusa Dua Beach Hotel & Spa*
Melia Bali Villas & Spa	-	744.838.411	*Melia Bali Villas & Spa*
AntaVaya	-	698.236.668	*AntaVaya*
Karma Transport	-	321.163.611	*Karma Transport*
PT. Awiwah Mandara	-	185.175.347	*PT. Awiwah Mandara*
Mesure Resort Sanur	-	177.506.295	*Mesure Resort Sanur*
Bali Nature & Experience Tour	-	163.022.291	*Bali Nature & Experience Tour*
Eka Jaya Fast Boat	-	146.121.827	*Eka Jaya Fast Boat*
Rama Phala	-	139.093.314	*Rama Phala*
Kejora Suites	-	133.890.178	*Kejora Suites*
St Regis Bali Resort	-	130.933.215	*St Regis Bali Resort*
Kori Ubud Resort & Spa	-	130.733.845	*Kori Ubud Resort & Spa*
Lain-lain (dibawah Rp 100 juta)	103.292.713	5.675.667.224	*Others (below IDR 100 million)*
Jumlah	**103.292.713**	**10.891.760.353**	***Total***

19. BEBAN PENJUALAN / *19. SELLING EXPENSE*

	2021	2020	
Charge Kuoni Group	2.134.910.479	2.811.011.600	*Charge Kuoni Group*
Royalti	235.311.483	214.795.838	*Royalty*
Iklan lokal	-	366.991.760	*Advertising local*
Lain-lain (dibawah Rp 100 juta)	10.690.943	201.559.895	*Others (below IDR 100 million)*
Jumlah	**2.380.912.905**	**3.594.359.093**	***Total***

20. BEBAN UMUM DAN ADMINISTRASI / *20. GENERAL AND ADMINISTRATIVE EXPENSE*

	2021	2020	
Gaji dan kesejahteraan karyawan	6.198.179.932	8.219.171.601	*Salary and employee benefit*
Penyusutan (Catatan 9)	619.747.258	707.781.463	*Depreciation (Note 9)*
Sewa kantor	590.775.246	657.346.672	*Office rental*
Beban pajak	522.079.764	-	*Tax expense*
Beban PPN*	326.711.768	918.713.202	*VAT expense**
Beban imbalan kerja karyawan	156.777.500	87.629.569	*Employee benefit expense*
Asuransi	136.489.351	199.251.761	*Insurance*
Transportasi	67.412.615	149.107.592	*Transportation*
Listrik & air	58.440.808	97.405.138	*Electricity & water*
Surat elektronik	48.302.008	231.424.856	*E-mail*
Pemeliharaan dan perbaikan	42.823.346	98.462.962	*Repairs and maintenance*
Perlengkapan kantor	39.974.842	71.641.231	*Office supplies*
Telepon	37.794.352	94.267.913	*Telephone*
Penghapusan piutang	-	549.371.579	*Bad debt*
Lain-lain (dibawah Rp 50 juta)	260.390.183	251.158.080	*Others (below IDR 50 million)*
Jumlah	**9.105.898.973**	**12.332.733.619**	***Total***

* Beban PPN pada tahun 2021 dan 2020 sejumlah Rp 326.711.768 dan Rp 918.713.202 merupakan pembayaran Surat Tagihan Pajak (STP) PPN Perusahaan.

** VAT expense in the year 2021 and 2020 amounted IDR 326,711,768 and IDR 918,713,202 is the payment of the Company's VAT Tax Collection Letter (STP).*

(Presented in Rupiah, unless otherwise stated)

21. BEBAN LAINNYA / *21. OTHER EXPENSE*

	2021	2020	
Beban administrasi bank	31.138.577	111.251.412	*Bank administration expenses*
Kerugian kurs mata uang asing	3.972.655.798	-	*Loss on foreign exchange*
Jumlah	**4.003.794.375**	**111.251.412**	***Total***

22. PENDAPATAN LAINNYA / *22. OTHER INCOME*

	2021	2020	
Keuntungan kurs mata uang asing	7.613.766.632	4.618.546.558	*Gain on foreign exchange*
Pendapatan bunga pinjaman	170.846.570	369.556.588	*Interest income loans*
Lainnya	203.277.997	12.822.180.739	*Others*
Jumlah	**7.987.891.199**	**17.810.283.885**	***Total***

23. SIFAT DAN TRANSAKSI PIHAK BERELASI / *23. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES*

a. Sifat hubungan

- Asian Trails Holding Ltd., merupakan pemegang saham Perusahaan.
- Travel Circle International Mauritius merupakan perusahaan entitas sepengendali.
- Asian Trails Malaysia, Asian Trails Thailand, Asian Trails Holding FI, merupakan perusahaan atau agen yang berada dalam satu grup.

a. Nature of relationship

- *Asian Trails Holding Ltd., are the shareholders of the Company.*
- *Travel Circle International Mauritius is an entity under common control.*
- *Asian Trails Malaysia, Asian Trails Thailand, Asian Trails Holding FI, is a joint Company or agency that are in one group.*

b. Transaksi-transaksi dengan pihak berelasi

Berikut ini disajikan saldo aset dan liabilitas atas transaksi dengan pihak berelasi:

b. Transactions with related parties

Here in below is the balance of assets and liabilities for the transaction with related parties:

	2021	2020	
Piutang usaha			***Trade accounts receivable***
Asian Trails Holding Ltd	7.905.434	-	*Asian Trails Holding Ltd*
Jumlah	**7.905.434**	**-**	***Total***
Persentase terhadap jumlah aset	0,04%	0,00%	*Percentage of total assets*
Piutang lain-lain			***Other receivable***
Asian Trails Holding Ltd	8.907.812.497	18.265.000.000	*Asian Trails Holding Ltd*
Jumlah	**8.907.812.497**	**18.265.000.000**	***Total***
Persentase terhadap jumlah aset	48,91%	66,03%	*Percentage of total assets*
Utang usaha			***Trade accounts payable***
Asian Trails Thailand	1.668.683	6.802.167	*Asian Trails Thailand*
Jumlah	**1.668.683**	**6.802.167**	***Total***
Persentase terhadap jumlah liabilitas	0,02%	0,05%	*Percentage of total liabilities*

Transaksi-transaksi dan akun-akun yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

The significant transactions and account balanca with related parties are as follows:

Pada tanggal 31 Desember 2021 dan 2020 total piutang kepada Asian Trails Holding Ltd. masing-maing sebesar USD 625.000 dan USD 1.300.000.

As of December 31, 2021 and 2020, total receivables from Asian Trails Holding Ltd. USD 625,000 and USD 1,300,000, respectively.

(Presented in Rupiah, unless otherwise stated)

24. NILAI WAJAR DARI INSTRUMEN KEUANGAN

Nilai wajar aset dan liabilitas keuangan sebagai berikut:

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is as follows:

	31 Desember 2021/ *Desember 31, 2021*		31 Desember 2020/ *Desember 31, 2020*		
	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	
Aset Keuangan					***Financial Assets***
Kas dan bank	1.485.564.869	1.485.564.869	2.170.084.320	2.170.084.320	*Cash and bank*
Piutang usaha-pihak ketiga	1.418.409.797	1.418.409.797	1.669.563.327	1.669.563.327	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	1.316.999.269	1.316.999.269	1.777.707.352	1.777.707.352	*Other receivable-Third parties*

	31 Desember 2021/ *Desember 31, 2021*		31 Desember 2020/ *Desember 31, 2020*		
	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	Nilai Tercatat/ *Carrying Value*	Nilai Wajar*/ *Fair Value**	
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	161.011.347	161.011.347	250.508.550	250.508.550	*Trade payable-Third parties*
Utang lain-lain-pihak ketiga	46.984.216	46.984.216	162.604.214	162.604.214	*Other payable-Third parties*
Biaya yang masih harus dibayar	1.384.833.758	1.384.833.758	3.307.771.268	3.307.771.268	*Accrued expenses*
Uang muka pelanggan	6.897.591.011	6.897.591.011	7.491.436.537	7.491.436.537	*Deposit from customer*

*) Diukur dengan hirarki pengukuran nilai wajar Tingkat 3

Manajemen Perusahaan menetapkan bahwa nilai tercatat (berdasarkan jumlah nosional) aset dan liabilitas keuangan yang meliputi kas dan bank, piutang usaha – pihak ketiga, piutang lain-lain - pihak ketiga, utang usaha - pihak ketiga, beban akrual dan uang muka pelanggan kurang lebih sebesar nilai wajarnya karena dampak dari diskonto yang tidak signifikan.

**) Measured by Level 3 fair value measurement hierarchy*

The Company's management stipulates that the carrying amount (based on notional amount) of financial assets and liabilities which includes cash and banks, trade receivables - third parties, other receivables - third parties, trade payables - third parties, accrued expenses and customer advances of approximately third fair value because the impact of discount is not significant.

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN

Aktivitas Perusahaan mengandung berbagai macam risiko keuangan yaitu risiko tingkat bunga, risiko kredit dan risiko likuiditas. Dewan direksi menelaah secara informal dan menyetujui kebijakan untuk mengelola masing-masing risiko, dari tahun sebelumnya seperti yang diungkapkan di bawah ini:

a. Manajemen risiko tingkat bunga

Eksposur risiko tingkat bunga berhubungan dengan aset dan liabilitas dimana perubahan tingkat bunga dapat mempengaruhi laba sebelum pajak. Risiko pendapatan bunga terbatas dikarenakan Perusahaan hanya mempertahankan kecukupan saldo kas untuk keperluan operasional. Dalam beban bunga, keseimbangan optimal antara utang dengan tingkat bunga tetap dan mengambang telah ditentukan di awal.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Company activities contain various types of financial risks, namely interest rate risk, credit risk and liquidity risk. The board of directors reviews informally and approves policies for managing each risk, from the previous year as stated below:

a. Interest rate risk management

Exposure to interest rate risk relates to assets and liabilities where changes in interest rates can affect pre-tax profit. The risk of interest income is limited because the Company only maintains sufficient cash balance for operational purposes. In interest expense, the optimal balance between debt with a fixed and floating interest rate has been determined at the outset.

(Presented in Rupiah, unless otherwise stated)

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Manajemen risiko tingkat bunga (lanjutan)

Persetujuan dari Dewan Komisaris dan Direksi harus diperoleh sebelum Perusahaan menggunakan instrumen keuangan tersebut untuk mengelola eksposur risiko suku bunga. Perusahaan memiliki eksposur tingkat suku bunga atas aset dan liabilitas keuangan sebagaimana yang dijabarkan dibawah ini:

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Interest rate risk management (continued)

Approval from the Board of Commissioners and Directors must be obtained before the Company uses these financial instruments to manage interest rate risk exposures. The company has interest rate exposures on financial assets and liabilities as outlined below:

	31 Desember 2021/ *December 31, 2021*				
	Bunga mengambang/ *Floating interest*	Bunga tetap/ *Fixed interest*	Tanpa bunga/ *Without interest*	Jumlah/ *Total*	
Aset Keuangan					***Financial Assets***
Kas dan bank	-	1.389.133.024	96.431.845	1.485.564.869	*Cash and bank*
Piutang usaha-pihak ketiga	-	-	1.418.409.797	1.418.409.797	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	-	-	1.316.999.269	1.316.999.269	*Other receivable-Third parties*
Jumlah Aset Keuangan	-	1.389.133.024	2.831.840.911	4.220.973.935	*Total Financial Assets*
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	-	-	161.011.347	161.011.347	*Trade payable-Third parties*
Utang lain-lain-pihak ketiga	-	-	46.984.216	46.984.216	*Other payable-Third parties*
Biaya yang masih harus dibayar	-	-	1.384.833.758	1.384.833.758	*Accrued expenses*
Uang muka pelanggan	-	-	6.897.591.011	6.897.591.011	*Deposit from customer*
Jumlah Liabilitas Keuangan	-	-	8.490.420.332	8.490.420.332	*Total Financial Liabilities*
Jumlah Aset (Liabilitas) Keuangan - Bersih	-	1.389.133.024	(5.658.579.421)	(4.269.446.397)	*Total Financial Assets (Liabilities) - Net*

(Presented in Rupiah, unless otherwise stated)

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

a. Manajemen risiko tingkat bunga (lanjutan)

a. Interest rate risk management (continued)

	31 Desember 2020/ *December 31, 2020*				
	Bunga mengambang/ *Floating interest*	Bunga tetap/ *Fixed interest*	Tanpa bunga/ *Without interest*	Jumlah/ *Total*	
Aset Keuangan					***Financial Assets***
Kas dan bank	-	2.080.113.740	89.970.580	2.170.084.320	*Cash and bank*
Piutang usaha-pihak ketiga	-	-	1.669.563.327	1.669.563.327	*Trade receivable-Third parties*
Piutang lain-lain-pihak ketiga	-	-	1.777.707.352	1.777.707.352	*Other receivable-Third parties*
Jumlah Aset Keuangan	-	2.080.113.740	3.537.241.259	5.617.354.999	*Total Financial Assets*
Liabilitas Keuangan					***Financial Liabilities***
Utang Usaha-pihak ketiga	-	-	250.508.550	250.508.550	*Trade payable-Third parties*
Utang lain-lain-pihak ketiga	-	-	162.604.214	162.604.214	*Other payable-Third parties*
Biaya yang masih harus dibayar	-	-	3.307.771.268	3.307.771.268	*Accrued expenses*
Uang muka pelanggan	-	-	7.491.436.537	7.491.436.537	*Deposit from customer*
Jumlah Liabilitas Keuangan	-	-	11.212.320.569	11.212.320.569	*Total Financial Liabilities*
Jumlah Aset (Liabilitas) Keuangan - Bersih	-	2.080.113.740	(7.675.079.310)	(5.594.965.570)	*Total Financial Assets (Liabilities) - Net*

b. Manajemen risiko kredit

Risiko kredit adalah risiko kerugian yang timbul atas saldo instrumen keuangan dalam hal konsumen tidak dapat memenuhi kewajibannya untuk membayar utang terhadap Perusahaan.

Perusahaan mengelola dan mengendalikan risiko kredit dengan hanya berurusan dengan pihak yang diakui dan layak kredit, menetapkan kebijakan internal atas verifikasi dan otorisasi kredit, dan secara teratur memonitor kolektibilitas piutang untuk mengurangi risiko tersebut.

Pada tanggal 31 Desember 2021 dan 2020, maksimum eksposur Perusahaan untuk risiko kredit disajikan sebesar nilai tercatat setiap aset keuangan yang diakui dalam laporan posisi keuangan.

b. Credit risk management

Credit risk is the risk of losses arising from the balance of financial instruments in the event that the consumer cannot fulfill his obligation to pay the debt to the Company.

The company manages and controls credit risk by only dealing with recognized and creditworthy parties, establishing internal policies for verification and authorization of credit, and regularly monitoring collectibility of receivables to reduce these risks.

As of December 31, 2021 and 2020, the Company's maximum exposure to credit risk is stated at the carrying amount of each financial asset recognized in the statement of financial position.

c. Manajemen risiko likuiditas

Risiko likuiditas adalah risiko dimana Perusahaan akan mengatasi kesulitan yang berasal dari pemenuhan kewajiban keuangan dikarenakan kekurangan dana.

Tabel berikut menampilkan jatuh tempo dari liabilitas keuangan Perusahaan pada akhir tahun pelaporan berdasarkan pembayaran kontraktual yang tidak didiskontokan.

c. Liquidity risk management

Liquidity risk is the risk that the Company will overcome difficulties arising from fulfilling financial obligations due to lack of funds.

The following table shows the maturity of the Company's financial liabilities at the end of the reporting year based on contractual, undiscounted payments.

(Presented in Rupiah, unless otherwise stated)

25. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN (lanjutan)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c. Manajemen risiko likuiditas (lanjutan)

c. Liquidity risk management (continued)

	31 Desember 2021/ *December 31, 2021*			
	Nilai Tercatat/ *Carrying Value*	Kurang dari satu tahun/ *less than one year*	Lebih dari satu tahun/ *More than one year*	
Liabilitas Keuangan				***Financial Liabilities***
Utang usaha-pihak ketiga	161.011.347	161.011.347	-	*Trade payable-third parties*
Utang lain-lain-pihak ketiga	46.984.216	46.984.216	-	*Others payable-third parties*
Biaya yang masih harus dibayar	1.384.833.758	1.384.833.758	-	*Accrued expenses*
Uang muka pelanggan	6.897.591.011	2.045.480.885	4.852.110.126	*Deposit from customer*
Jumlah	8.490.420.332	3.638.310.206	4.852.110.126	***Total***

	31 Desember 2020/ *December 31, 2020*			
	Nilai Tercatat/ *Carrying Value*	Kurang dari satu tahun/ *less than one year*	Lebih dari satu tahun/ *More than one year*	
Liabilitas Keuangan				***Financial Liabilities***
Utang usaha-pihak ketiga	250.508.550	250.508.550	-	*Trade payable-third parties*
Utang lain-lain-pihak ketiga	162.604.214	162.604.214	-	*Others payable-third parties*
Biaya yang masih harus dibayar	3.307.771.268	3.307.771.268	-	*Accrued expenses*
Uang muka pelanggan	7.491.436.537	7.491.436.537	-	*Deposit from customer*
Jumlah	11.212.320.569	11.212.320.569	-	***Total***

d. Manajemen risiko modal

Tujuan utama manajemen permodalan Perusahaan adalah untuk memastikan pemeliharaan tingkat kredit yang kuat dan rasio permodalan yang sehat untuk mendukung usaha dan memaksimalkan nilai pemegang saham.

Perusahaan mengelola struktur permodalan dan melakukan penyesuaian berdasarkan strategi dan kondisi keuangan Perusahaan, serta kondisi ekonomi global dan domestik. Untuk memelihara atau menyesuaikan struktur permodalan, Perusahaan dapat menyesuaikan pembayaran dividen kepada pemegang saham, pengembalian modal kepada pemegang saham atau menerbitkan saham baru.

Selanjutnya, Perusahaan memiliki kebijakan kas manajemen untuk mengelola modal. Perusahaan menerapkan manajemen keuangan terpusat untuk menjaga fleksibilitas pembiayaan dan mengurangi risiko likuiditas. Perusahaan juga berusaha untuk mempertahankan kebutuhan modal kerja yang memadai.

Selanjutnya, Perusahaan memiliki kebijakan kas manajemen untuk mengelola modal. Perusahaan menerapkan manajemen keuangan terpusat untuk menjaga fleksibilitas pembiayaan dan mengurangi risiko likuiditas. Perusahaan juga berusaha untuk mempertahankan kebutuhan modal kerja yang memadai.

d. Capital risk management

The main objective of the Company's capital management is to ensure the maintenance of a strong credit level and a healthy capital ratio to support the business and maximize shareholder value.

The company manages the capital structure and makes adjustments based on the Company's strategy and financial conditions, as well as global and domestic economic conditions. To maintain or adjust the capital structure, the Company can adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

Furthermore, the Company has a management cash policy to manage capital. The company implements centralized financial management to maintain financing flexibility and reduce liquidity risk. The company also strives to maintain adequate working capital needs.

Furthermore, the Company has a management cash policy to manage capital. The company implements centralized financial management to maintain financing flexibility and reduce liquidity risk. The company also strives to maintain adequate working capital needs.

26. PERIKATAN

Berdasarkan perjanjian "Trademark License Agreement" tanggal 3 Februari 2000 antara Asian Trails Holding Ltd. ("ATH") dengan PT. Asian Trails Indonesia ("ATI"), bahwa ATH telah menyetujui penggunaan merk dagang "Asian Trail" atau "Asian Trails" ("nama") dan atau nama-nama lain, logo dan lain-lain milik ATH dalam nama Perusahaan, nama bisnis dan produk dalam wilayah Republik di Indonesia.

Atas perjanjian tersebut ATI membayar iuran royalty kepada ATH sebesar 1,5% dari omset pada akhir setiap laporan keuangan tahunan.

26. COMMITMENT

Based on the "Trademark License Agreement" dated February 3, 2000 between Asian Trails Holding Ltd. ("ATH") with PT. Asian Trails Indonesia ("ATI"), that the ATH has approved the use of the trademark "Asian Trail" or "Asian Trails" ("the name") and/ or other names, logos, etc, belonging to ATH in its Company name, business names and products within Republic of Indonesia.

For such agreement, the ATI shall pay a royalty of 1.5% of turnover to ATH at the end of each financial year.

27. KETIDAKPASTIAN KONDISI EKONOMI

Sejak awal tahun 2020, perlambatan perekonomian global dan dampak negatif yang terjadi pada pasar finansial utama di dunia yang diakibatkan oleh penyebaran pandemic virus Corona (Covid-19) pada tahun 2020 telah menimbulkan volatilitas yang tinggi pada nilai wajar instrumen keuangan, terhentinya perdagangan, gangguan operasional perusahaan, Pasar saham yang tidak stabil, dan likuiditas yang ketat pada sektor-sektor ekonomi tertentu di Indonesia, termasuk industri perjalanan wisata, yang dapat berkelanjutan dan berdampak terhadap keuangan dan operasional Perusahaan.

Kemampuan Indonesia untuk meminimalkan dampak perlambatan perekonomian global terhadap perekonomian nasional sangat tergantung pada tindakan pemberantasan ancaman Covid-19 tersebut, selain kebijakan fiskal dan kebijakan lainnya yang diterapkan oleh Pemerintah. Kebijakan tersebut, termasuk pelaksanaannya dan kejadian yang timbul, berada di luar kontrol Perusahaan.

Perusahaan yang bergerak dibidang jasa perjalanan wisata, mulai terkena dampak atas pandemik Covid19 pada bulan Maret 2020, dimana pada bulan tersebut Covid-19 mulai merebak secara global dan diikuti oleh penerapan lockdown di beberapa negara yang merupakan pangsa pasar dari tamu pari wisata yang ditangani oleh Perusahaan. Secara finansial, Perusahaan mulai mengalami penurunan pendapatan atas penjualan tiket yang signifikan di bulan Juni 2020. Manajemen berpendapat Perusahaan akan mengalami penurunan pendapatan atas kegiatan paket perjalanan wisata sebesar 95% dab 75% pada tahun 2021 dan 2020.

27. *UNCERTAINTY OF ECONOMIC CONDITIONS*

Since the beginning of 2020, the global economic slowdown and the negative impact on major financial markets in the world as a result of the spread of the Corona virus (Covid-19) pandemic in 2020 have caused high volatility in the fair value of financial instruments, trade cessation, operational disruption companies, volatile stock markets, and tight liquidity in certain economic sectors in Indonesia, including the travel industry, which can be sustainable and have an impact on the Company's finances and operations.

Indonesia's ability to minimize the impact of the global economic slowdown on the national economy is highly dependent on measures to eradicate the threat of Covid-19, in addition to fiscal and other policies implemented by the Government. These policies, including their implementation and events that arise, are beyond the Company's control.

Companies engaged in tourism travel services, began to be affected by the Covid19 pandemic in March 2020, where in that month Covid-19 began to spread globally and was followed by the implementation of lockdowns in several countries which were the market share of tourist stingrays handled by the Company. Financially, the Company began to experience a significant decline in revenue from ticket sales in June 2020. Management believes that the Company will experience a 95% and 75% decrease in revenue from travel package activities in 2021 and 2020.

27. KETIDAKPASTIAN KONDISI EKONOMI (lanjutan)

Perusahaan melaporkan penurunan pendapatan yang signifikan dan membukukan kerugian bersih sebesar Rp 7.292.503.079 dan Rp 7.203.370.115 untuk tahun yang berakhir 31 Desember 2021 dan 2020. Untuk mengatasi ketidakpastian kondisi ekonomi tersebut, manajemen melakukan langkah-langkah sebagai berikut:

a. Perusahaan melakukan penyesuaian rencana bisnis terhadap situasi yang terjadi;
b. mengutamakan arus kas Perusahaan;
c. bekerjasama dengan semua airlines guna mendapatkan harga tiket untuk grup dengan mendapatkan harga khusus;
d. bekerjasama dengan semua vendor tur untuk negosiasi harga land arrangement dengan harga khusus, serta menegosiasikan harga hotel untuk menegosiasikan harga kamar hotel;
e. efisiensi seluruh biaya operasional semaksimal mungkin sehingga terjadi penurunan biaya yang signifikan.

Laporan keuangan disusun dengan anggapan bahwa Perusahaan mempunyai kemampuan untuk mempertahankan kelangsungan usahanya. Manajemen berpendapat bahwa langkah-langkah tersebut dapat secara efektif dilakukan dan Perusahaan dapat terus beroperasi sesuai prinsip kelangsungan usaha di masa mendatang.

28. UNCERTAINTY OF ECONOMIC CONDITIONS (continued)

The Company reported a significant decrease in income and booked a net loss of IDR 7,292,503,079 and IDR 7,203,370,115 for the year ended 31 December 2021 and 2020. To resolve the uncertain economic condition, management took the following steps:

a. Company adjusts the business plan toward the current condition;
b. prioritize the Company’s cash flow;
c. collaborate with all airlines in order to get special ticket prices for groups;
d. collaborate with all tour vendors to negotiate land arrangement special prices, and negotiate room hotel prices;
e. efficiency of operational expenses to the maximum level resulting in significant reduction in expenses.

The financial statements are prepared assuming that the Company has the ability to sustain its business continuity. Management believes that these steps can be taken effectively and the Company can continue to operate in accordance with the principles of business continuity in the future.

28. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan dan telah menyetujui untuk menerbitkan laporan keuangan perusahaan untuk tahun yang berakhir 31 Desember 2021 pada tanggal 11 Januari 2022.

29. COMPLETION OF FINANCIAL STATEMENTS

The Company’s Management is responsible forthe preparation of the Company’s financial statements and approve to issue the Company’s financial statements for the year ended December 31, 2021 on January 11, 2022.

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ASIAN TRAILS TOUR LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

Currency – United States dollar

WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ASIAN TRAILS TOUR LIMITED
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2021

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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 31 December 2021 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

21 January 2022

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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 349 / A-61 / December 2021

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 31 December 2021, 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 for Small and Medium-sized Entities (MFRS for SMEs) and the provisions of the Myanmar Companies Law. 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 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with MFRS for SMEs.

Win Thin & Associates
AUDITORS
Certified Public Accountants

Saw Nelson (PA PP - 400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

21 January 2022

ASIAN TRAILS TOUR LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	**2021 USD**	2020 USD
ASSETS			
Non-current assets			
Property and equipment	3	**3,492**	10,115
Loan to shareholder	4	**50,000**	50,000
		53,492	60,115
Current assets			
Cash and cash equivalents	5	**123,327**	87,266
Trade and other receivables	6	**9,812**	12,617
Advances and prepayments	7	**31,460**	52,198
Suspense	8	**100,000**	100,000
		264,599	252,081
		318,091	312,196
EQUITY AND LIABILITIES			
Equity			
Share capital		**49,950**	49,950
Accumulated loss		**(1,081,285)**	(696,227)
		(1,031,335)	(646,277)
Current liabilities			
Trade and other payables	9	**67,273**	426,173
Intercompany loan	10	**1,160,000**	275,000
Accrued expenses	11	**122,153**	257,300
		1,349,426	958,473
		318,091	312,196

The accompanying notes form an integral part of the Financial Statements.

Mr. Thomas Markus Carnevale
Managing Director

U Min Kun Htaw
Director

ASIAN TRAILS TOUR LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 20201

	Note	**2021 USD**	2020 USD
Revenue-net	12	**1,628**	1,619,322
Cost of sales	13	**261**	(1,275,013)
Gross profit		**1,889**	344,309
Other income		**148,338**	232,220
Expenses			
Sales & marketing expenses	13	**(7,172)**	(8,962)
Administration expenses	13	**(404,043)**	(571,777)
Finance expenses	13	**(124,070)**	(164,373)
Net loss before tax		**(385,058)**	(168,583)
Tax expenses		–	–
Net loss for the year		**(385,058)**	(168,583)
Other comprehensive income for the year		–	–
Total comprehensive income for the year		**(385,058)**	(168,583)

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Accumulated loss	Total
	USD	USD	USD
At 1 January 2021	**49,950**	**(696,227)**	**(646,277)**
Loss for the year	**–**	**(385,058)**	**(385,058)**
Other comprehensive income for the year	**–**	**–**	**–**
At 31 December 2021	**49,950**	**(1,081,285)**	**(1,031,335)**
At 1 January 2020	49,950	(527,644)	(477,694)
Loss for the year	–	(168,583)	(168,583)
Other comprehensive income for the year	–	–	–
At 31 December 2020	49,950	(696,227)	(646,277)

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021 USD**	2020 USD
Cash flows from operating activities			
Net loss before tax		**(385,058)**	(168,583)
Adjustments for:			
Add:			
- Depreciation		**9,113**	12,712
- Interest expenses		**29,840**	3,882
Operating loss before working capital changes		**(346,105)**	(151,989)
Changes in working capital			
- Trade and other receivables		**2,805**	641,578
- Advances and prepayments		**20,738**	86,646
- Suspense		–	–
- Trade and other payables		**(358,900)**	(369,411)
- Accrued expenses		**(135,147)**	(498,335)
Cash used in operations		**(816,609)**	(291,511)
Income tax paid		–	(49,216)
Interest paid		**(29,840)**	(1,391)
Net cash used in operating activities		**(846,449)**	(342,118)
Cash flow from investing activities			
Purchase of property and equipment		**(2,490)**	–
Net cash used in investing activities		**(2,490)**	–
Cash flows from financing activities			
Proceeds from loan / to change amount		**885,000**	75,000
Net cash provided by financing activities		**885,000**	75,000
Net increase / (decrease) in cash and cash equivalents		**36,061**	(267,118)
Cash and cash equivalents at beginning of year		**87,266**	354,384
Cash and cash equivalents at end of year	4	**123,327**	87,266

The accompanying notes form an integral part of the Financial Statements.

ASIAN TRAILS TOUR LIMITED
NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. **General information**

Asian Trails Tour Limited ("the Company") was incorporated in the Union of Myanmar as a foreign company in the Republic of the Union of Myanmar 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. As per certificate of registration number 106909822, the Company has been re-registered with the new Myanmar Companies Law.

The principal activity of the Company is to operate as travel agency, tour operator, reservation service and related activities.

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. Lersan Misitsakul	(Director)
(iv)	U Min Kun Htaw	(Director)
(v)	Mr. Marcel Jordi Grifoll	(Director)

The Company was subsequently issued Tour Business Licence No. Kha – 0740 dated 14 December 1999 by the Ministry of Hotels and Tourism.

The registered office of the Company is 104 B2, Yadanarmyaing Housing, Yadanarmyaing Street, Kamayut Township, Yangon, Myanmar.

2. **Summary of significant accounting policies**

The Principal accounting policies which has been applied consistently throughout the financial years are summarized below:

A. **Basis of preparation**

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standard for Small and Medium-sized Entities (MFRS for SMEs) and are based on historical cost convention.

(i) Going concern

The holding company, Asian Trails Holding Limited, has confirmed its intention to provide financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due for the next 12 months from the date of the financial statements.

2. Summary of significant accounting policies (continued)

A **Basis of preparation** (continued)

(i) Going concern

In view of the foregoing, the directors consider that it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the financial statements have not included any adjustments relating to the recoverability and classification of recorded assets amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

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 and installation	20%-33.33%

2.**Summary of significant accounting policies** (continued)

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

	Furniture and fixture	Vehicles	PC, screens, office machines, installation	Total
	USD	USD	USD	USD
Cost				
At January 2021	**31,387**	**807**	**166,603**	**198,797**
Additions	**–**	**–**	**2,490**	**2,490**
At 31 December 2021	**31,387**	**807**	**169,093**	**201,287**
Accumulated depreciation and impairment losses				
At 1 January 2021	**31,066**	**807**	**156,809**	**188,682**
Depreciation	**214**	**–**	**8,899**	**9,113**
At 31 December 2021	**31,280**	**807**	**165,708**	**197,795**
Net book value				
At 31 December 2021	**107**	**–**	**3,386**	**3,492**
Cost				
At 1 January 2020	31,387	807	166,603	198,797
Additions	–	–	–	–
At 31 December 2020	31,387	807	166,603	198,797
Accumulated depreciation and impairment losses				
At 1 January 2020	30,696	807	144,467	175,970
Depreciation	370	–	12,342	12,712
At 31 December 2020	31,066	807	156,809	188,682
Net book value				
At 31 December 2020	321	–	9,794	10,115

4. Loan to shareholder (USD 50,000)

The above comprises the principle loan amount to U Min Kun Htaw who is one of the shareholders of the Company.

5. Cash and cash equivalents

	2021	2020
	USD	USD
Cash on hand	**5,310**	8,682
Cash at banks	**118,017**	78,584
	123,327	87,266

6. Trade and other receivables

	2021 USD	2020 USD
Trade receivables	**2,126**	1,848
Intercompany receivables {Note-14(a)}	**60**	60
Other receivables	**7,626**	10,709
	9,812	12,617

7. Advances and prepayments

	2021 USD	2020 USD
Advance and prepayments	**11,247**	26,798
Advance payments to suppliers	**20,213**	25,400
	31,460	52,198

8. Suspense

	2021 USD	2020 USD
Fraudulent	100,000	100,000
	100,000	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, USD 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

	2021 USD	2020 USD
Trade payables	**35,999**	310,048
Intercompany payables {Note-14(b)}	**–**	54,728
Deposits	**31,274**	51,725
Income tax payable	**–**	9,672
	67,273	426,173

10. **Intercompany loan** {Note 14(b)}

The Company acquired additional loan from Asian Trails Holding Limited during the financial year. The details are as follows:

	2021	2020
	USD	USD
Opening balance	**275,000**	200,000
Additions	**885,000**	75,000
	1,160,000	275,000

11. **Accrued expenses**

	2021	2020
	USD	USD
Accrued other	**122,153**	118,467
Accrued standard cost	**–**	138,833
	122,153	257,300

12. **Revenue - net**

	2021	2020
	USD	USD
Revenue*	**1,628**	1,696,433
5% commercial tax	**–**	(77,111)
Net revenue	**1,628**	1,619,322

*The above amount represents cancellation fees USD 210, credit note USD (582) for last year and other income from office space lease to Trendtelligent for USD 2,000.

13. Expenses by nature

The total of cost of sales, sales and marketing expenses, administrative expenses and finance expense are as follows:

	2021 USD	2020 USD
Direct costs	**(261)**	1,275,013
Staff costs {Note 14(c)}	**242,460**	337,642
Key management personnel and director remuneration {Note 14 (c)}	**59,480**	79,592
Office expenses	**2,762**	7,695
Rent and utility expenses	**35,425**	72,047
Prior year GOP expense	**9,642**	1,255
Lease and maintenance	**–**	125
Information technology expenses	**12,979**	8,769
Travel / entertainment	**5,371**	14,539
Miscellaneous	**19,549**	30,926
Charges kuoni group	**120,787**	163,705
Depreciation	**9,113**	12,712
Realized and unrealized exchange loss	**(9,523)**	3,261
Marketing and advertising	**7,172**	8,962
Interest expenses IC	**29,840**	3,882
Profit of sale of fixed assets	**(100)**	–
Income tax expenses	**(9,672)**	–
	535,024	2,020,125

14. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related parties at terms agreed between the parties;

(a) Sales and purchase of goods and services

	2021 USD	2020 USD
Sales of tour package (Note-5)		60

(b) Other

	2021 USD	2020 USD
Expenses incurred on behalf of the Company (Note-9)	**–**	54,728
Loan from Holding (Note-10)	**1,160,000**	275,000

14. Related party transactions (continued)

(c) Key management personnel and director remuneration (Note 13)

	2021 USD	2020 USD
Remuneration	**59,480**	71,592
Bonus	**–**	8,000
	59,480	79,592

15. **Significant impact of COVID 19 at the reporting date**

The is no business till end of December 2021 due to impact on COVID 19.

16. **Authorization of financial statements**

The financial statements of the Company for the year ended 31 December 2021 were authorized for issue on 21 January 2022.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31st December 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31st December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors in office at the date of this report are:-

EMIR CHERIF
LAURENT KUNZLE
LIM GEOK THYE
MARCEL JORDI GRIFOLL
MISITSAKUL LERSAN

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors holding office at the end of the financial year and their interests in the share capital or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 was as follows:-

Name of Directors and Companies in which interests are held	Number of Ordinary Shares At 1/1/2021	At 31/12/2021
The Company		
ASIAN TRAILS SINGAPORE PTE. LTD.		
EMIR CHERIF	-	-
LAURENT KUNZLE	-	-
LIM GEOK THYE	-	-
MARCEL JORDI GRIFOLL	-	-
MISITSAKUL LERSAN	-	-
The Immediate Holding Company		
ASIAN TRAILS HOLDING LTD, MAURITIUS		
EMIR CHERIF	-	-
LAURENT KUNZLE	12,500	12,500
LIM GEOK THYE	-	-
MARCEL JORDI GRIFOLL	-	-
MISITSAKUL LERSAN	12,500	12,500
The Ultimate Holding Company		
FAIRFAX FINANCIAL HOLDINGS LIMITED		
EMIR CHERIF	-	-
LAURENT KUNZLE	-	-
LIM GEOK THYE	-	-
MARCEL JORDI GRIFOLL	-	-
MISITSAKUL LERSAN	-	-

5. SHARE OPTIONS

During the year, no option to take up unissued shares of the Company has been granted, and there were no shares issued by virtue of the exercise of options. As at 31st December 2021, there were no unissued shares under option outstanding.

6. INDEPENDENT AUDITORS

The independent auditors, JACHIN PUBLIC ACCOUNTING CORPORATION, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

EMIR CHERIF
Director

LAURENT KUNZLE
Director

SINGAPORE
09 MAR 2022

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE
(Company Registration No: 201200048H)

3 Shenton Way #12-06 Shenton House Singapore 068805 Tel: (65) 62227275 Fax: (65) 62226926

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASIAN TRAILS SINGAPORE PTE. LTD., which comprise the statement of financial position as at 31st December 2021, 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 are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31st December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA 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 Statement by Director 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 and will 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 identified above 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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JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE
(Company Registration No: 201200048H)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

(2)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include 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 SSAs 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 SSAs, 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, 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.

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS, SINGAPORE
(Company Registration No: 201200048H)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

(3)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

JACHIN PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

SINGAPORE
09 MAR 2022

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

	NOTE	2021 S$	2020 S$
CURRENT ASSETS			
Trade and other receivables	4	37,187	3,010
Cash and cash equivalents	5	33,477	66,661
		70,664	69,671
LESS: **CURRENT LIABILITIES**			
Trade and other payables	6	54,691	4,251
		54,691	4,251
NET CURRENT ASSETS		15,973	65,420
NON-CURRENT LIABILITIES			
Loans	7	(95,000)	-
		(79,027)	65,420
REPRESENTING:			
EQUITY			
Share capital	8	100,000	100,000
Accumulated loss		(179,027)	(34,580)
		(79,027)	65,420

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021

	NOTE	2021 S$	2020 S$
REVENUE	9	3,041	-
Cost of Sales		(3,259)	-
Gross loss		(218)	-
Administrative expenses		(142,113)	(34,580)
Finance costs		(2,116)	-
LOSS BEFORE TAX	10	(144,447)	(34,580)
Income tax	11	-	-
LOSS FOR THE YEAR/PERIOD		(144,447)	(34,580)
Other comprehensive loss for the year/period, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(144,447)	(34,580)

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2021

	NOTE	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
		S$	S$	S$
2021				
BALANCE AS AT 1ST JANUARY 2021		100,000	(34,580)	65,420
Total comprehensive loss				
Net loss for the year		-	(144,447)	(144,447)
Other comprehensive loss for the year, net of tax		-	-	-
Total comprehensive loss for the year		-	(144,447)	(144,447)
Contributions by and distributions to owner				
Total transactions with owners		-	-	-
BALANCE AS AT 31ST DECEMBER 2021		100,000	(179,027)	(79,027)
2020				
BALANCE AS AT 29TH NOVEMBER 2019		1	-	1
Total comprehensive loss				
Net loss for the period		-	(34,580)	(34,580)
Other comprehensive loss for the period, net of tax		-	-	-
Total comprehensive loss for the period		-	(34,580)	(34,580)
Contributions by and distributions to owner				
Issue of 99,999 ordinary shares	8	99,999	-	99,999
Total transactions with owners		99,999	-	99,999
				-
BALANCE AS AT 31ST DECEMBER 2020		100,000	(34,580)	65,420

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 201940406M)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2021

	NOTE	2021 S$	2020 S$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
LOSS BEFORE TAX		(144,447)	(34,580)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		(144,447)	(34,580)
Trade and other receivables		(34,177)	(3,010)
Trade and other payables		50,440	4,251
NET CASH USED IN OPERATIONS		(128,184)	(33,339)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Proceeds from issue of shares	8	-	100,000
Loans payable	7	95,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		95,000	100,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(33,184)	66,661
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		66,661	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	5	33,477	66,661

The annexed notes form an integral part of and should be read in conjunction with the financial statements.

ASIAN TRAILS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

NOTES ON THE FINANCIAL STATEMENTS – 31ST DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is an exempt private company incorporated in Singapore with its registered office address and principal place of business at 105 Cecil Street, #22-00 The Octagon, Singapore 069534.

The principal activities of the Company are those of travel agencies and tour operators.

The immediate holding company is Asian Trails Holding Ltd, incorporated in Mauritius and the ultimate holding company is Fairfax Financial Holdings Ltd, a listed company, incorporated in Canada.

The financial statements of the Company for the year ended 31st December 2021, were authorised for issue by the director on 09 MAR 2022 .

2. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements:-

(a) BASIS OF PREPARATION

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related interpretations, and the provisions of the Singapore Companies Act.

The financial statements are presented in Singapore Dollar. They are prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at their fair values.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge of current events and actions and the actual results may ultimately differ from those 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, or in the period of the revision and future periods, if the revision affects both current and future periods.

In the current financial period, the Company had adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective in the current financial period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) BASIS OF PREPARATION (CONT'D)

New or Revised Accounting Standards and Interpretations

The directors do not anticipate that the adoption in future periods of FRSs, INT FRSs and amendment to FRSs that were issued at the date of authorisation of these financial statements but not yet effective, to have a significant impact on these financial statements in the period of their initial adoption.

(b) FINANCIAL ASSETS

(i) CLASSIFICATION AND MEASUREMENT

The Company classifies its financial assets namely, trade and other receivables, if any, and cash and cash equivalents at amortised cost.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

(ii) AT INITIAL RECOGNITION

At initial recognition, the Company measures a financial asset at its fair value and transaction costs that are directly attributable to the acquisition of the financial asset.

(iii) AT SUBSEQUENT MEASUREMENT

The subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Financial 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 financial asset 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 interest income using the effective interest rate method.

(c) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(e) FINANCIAL LIABILITIES

(i) INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) SUBSEQUENT MEASUREMENT

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) DE-RECOGNITION

A financial liability is de-recognised when the obligation under the liability 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss

(f) TRADE AND OTHER PAYABLES

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) REVENUE RECOGNITION

Revenue, if any, is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue, if any, is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) SALE OF TOURS

Sale of tours - revenue from sale of tours is recognised at a point in time when the Company has performed the services to the customer and the customer has accepted the services.

(ii) INTEREST INCOME

Interest income is recognised using the effective interest method.

(h) PROVISIONS

Provisions, if any, are recognised when the Company has a present obligation (legal or constructive) as a result of 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.

(i) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(j) INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) INCOME TAXES (CONT'D)

Deferred tax liabilities are recognised for all deductible temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to 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 that have been enacted at the balance sheet date.

(k) RELATED PARTIES

A related party is a person or entity that is related to the Company.

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (iv) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (v) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

(l) FUNCTIONAL AND PRESENTATION CURRENCY

The company's accounting records are maintained in Singapore Dollar. The functional currency of the Company is the Singapore Dollar as it reflects the economic substance of the underlying events and circumstances of the Company's transaction. Transactions in foreign currencies that are not denominated in Singapore Dollar are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are not denominated in Singapore Dollar are reported at the rates ruling at the balance sheet 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 foreign currency are not retranslated. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit or loss statement.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Functional Currency

FRS 21 The Effects of Changes in Foreign Exchange Rates requires the Company determine its functional currency to prepare the financial statements. When determining its functional currency, the Company considers the primary economic environment in which it operates i.e. the one in which it primarily generates and expends cash. The Company may also consider the funds from financing activities are generated. Management applied its judgement and determined that the functional currency of the Company is Singapore dollar on the basis that its funding is denominated in Singapore dollar and it expects its transactions to be in Singapore dollar.

4. TRADE AND OTHER RECEIVABLES

	2021	2020
	S$	S$
Trade receivables	3,097	-
Office rental deposits	2,697	2,697
Other receivables	511	313
Prepayments	30,882	-
	37,187	3,010

Trade and other receivables are denominated as follows:-

	2021	2020
	S$	S$
Singapore dollar	3,589	3,010
United States dollar	2,716	-
	6,305	3,010

5. CASH AND CASH EQUIVALENTS

	2021	2020
	S$	S$
Cash at bank	33,477	66,661

Cash and cash equivalents are denominated as follows:-

	2021	2020
	S$	S$
Singapore dollar	33,188	66,661
United States dollar	289	-
	33,477	66,661

6. TRADE AND OTHER PAYABLES

	2021	2020
	S$	S$
Trade payables	1,852	-
Other payables:		
- due to related party	1,283	200
- due to third party	47,056	51
Accrued expenses	4,500	4,000
	54,691	4,251

Trade and other payables are denominated as follows:-

	2021	2020
	S$	S$
Singapore dollar	16,291	4,251
United States dollar	38,400	-
	54,691	4,251

7. LOANS

	2021	2020
	S$	S$
Loans – immediate holding company	95,000	-

The term loans from the immediate holding company are non-trade, unsecured, interest bearing currently at 3.9% (2020: Nil) per annum with a tenure of 3 years with effect from 23rd December 2021. It is for the purpose of working capital and with no fixed repayment term and renewable at the end of third year.

The loans are denominated in Singapore dollar.

8. SHARE CAPITAL

	2021		2020	
	No. of Shares	S$	No. of Shares	S$
Issued and fully paid:-				
Balance at beginning of year/period	100,000	100,000	1	1
Issue of 99,999 ordinary shares	-	-	99,999	99,999
Balance at end of year/period	100,000	100,000	100,000	100,000

The Company has one class of ordinary shares with no par value and carry no right to fixed income.

9. REVENUE

	2021	2020
	S$	S$
Sale of tour packages	3,041	-

10. LOSS FROM OPERATIONS

This is arrived at after charging the following:-

	2021	2020
	S$	S$
Auditors' remuneration	3,500	3,000
Director's remuneration	120,000	-
Rental expenses	10,788	10,249
Legal and professional fees	5,275	18,944
	=======	=======

11. TAXATION

	2021	2020
	S$	S$
Current taxation	-	-
	=======	=======

Reconciliation of effective tax rate:-

	2021	2020
	S$	S$
Loss before tax	(144,447)	(34,580)
	=======	=======
Income tax using Singapore tax rate of 17%	(24,556)	(5,878)
Expenses disallowed	-	544
Losses disallowed	-	5,334
Deferred tax benefits not recognised	24,556	-
	------------	------------
	-	-
	=======	=======

No deferred tax benefits are recognised due to the uncertainty of its recoverability.

12. RELATED PARTY TRANSACTION AND BALANCE

	2021	2020
	S$	S$
<u>Related Party Transaction</u>		
Tourism license requirement paid by a related party	-	30,000
	=======	=======
<u>Related Party Balance</u>		
Loan amount due to immediate holding company	95,000	-
	=======	=======
Payment of expenses on behalf of related company	-	200
Amount received on behalf of related company	1,283	-
	------------	------------
	1,283	200
	=======	=======

	2021	2020
	S$	S$
<u>Key Management Personnel Compensation</u>		
Director's remuneration	120,000	-
	=======	=======

13. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of the risks.

(a) FOREIGN CURRENCY RISK

The Company's foreign currency exposures arose mainly from the exchange rate movement of the United States dollar.

The Company does not use foreign exchange contracts to manage its foreign currency risk arising from cash flows from anticipated transactions denominated in foreign currencies as management considers it not significant.

The Company's currency exposure at the financial year end date is as follows:-

	Singapore Dollar	United States Dollar	Total
	S$	S$	S$
As at 31st December 2021			
Financial Assets			
Trade and other receivables	3,589	2,716	6,305
Cash and cash equivalents	33,188	289	33,477
	36,777	3,005	39,782
Financial Liabilities			
Trade and other payables	16,291	38,400	54,691
Currency exposure	20,486	(35,395)	(14,909)

Sensitivity Analysis

A 3% strengthening of the United States dollar against the Singapore dollar at the reporting date would decrease equity and profit or loss by S$1,062 (2020: Nil). This analysis assumes that all other variables, in particular interest rates, remain constant.

A 3% weakening of the United States dollar against the Singapore dollar would have had the equal but opposite effect on the basis that all other variables remain constant.

13. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) INTEREST RATE RISK

The Company has no significant exposure to interest rate risk through the impact of interest rates changes on interest-bearing assets and liabilities.

The Company has cash balances placed with creditworthy financial institutions as follows:-

	Variables rates		
	Less than 12 months	1 to 5 years	Over 5 years
	S$	S$	S$
At 31st December 2021			
Assets			
Cash and cash equivalents	33,477	-	-
At 31st December 2020			
Assets			
Cash and cash equivalents	66,661	-	-

(c) CREDIT RISK

The Company has no significant concentrations of credit risk. Cash and bank balance are placed with the reputable institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the balance sheet. The Company adopts the policy of dealing only with high credit quality counterparties. In addition, receivables balance are monitored on an on-going basis with the result that the Company's exposure to the bad debts is not significant.

13. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) LIQUIDITY RISK

The Company monitors its liquidity risk and maintains a level of cash & cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The analysis of maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows is as follows:-

		Contracted undiscounted cash flows			
	Carrying amount	Total	Less than 1 year	Between 1 and 5 Years	Over 5 years
At 31st December 2021	S$	S$	S$	S$	S$
Trade and other payables	54,691	54,691	54,691	-	-
Loans payable	95,000	106,115	-	106,115	-
	149,691	160,806	54,691	106,115	-
At 31st December 2020					
Trade and other payables	4,251	4,251	4,251	-	-

(e) FAIR VALUES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values.

14. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Comparisons by category of carrying amounts of the Company's financial instruments that are carried in the financial statements are as follows:-

At 31st December 2021	Financial assets at amortised cost S$
Assets	
Trade and other receivables	6,305
Cash and cash equivalents	33,477
	39,782

	Financial liabilities at amortised cost S$
Liabilities	
Trade and other payables	54,691
Loans payable	95,000
	149,691

At 31st December 2020	Financial assets at amortised cost S$
Assets	
Trade and other receivables	3,010
Cash and cash equivalents	66,661
	69,671

	Financial liabilities at amortised cost S$
Liabilities	
Trade and other payables	4,251

15. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximize shareholder's value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, adjust the dividend payment to shareholder or return capital to shareholder.

The Company is not subject to any externally imposed capital requirements.

16. COVID-19 OUTBREAK IMPACT

With the recent coronavirus outbreak, many countries have required entities to limit or suspend business operations and implemented travel restrictions and quarantine measures subsequent to the year ended 31st December 2021. These measures and policies have significantly disrupted the activities of many entities to a certain extent. This may affect the financial performance, ongoing contracts, and carrying value of assets of the Company after the reporting period. As the outbreak continues to progress and evolve, the estimate of the financial impact cannot be reasonably determined at this juncture.

THE FOLLOWING SCHEDULE DOES NOT FORM PART OF
THE AUDITED STATUTORY FINANCIAL STATEMENTS

ASIAN TRAILS SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 201940406M)

DETAILED PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021 S$	Period from 29/11/2019 (Date of Incorporation) to 31/12/2020 S$
REVENUE	3,041	-
LESS: COST OF SALES	(3,259)	-
GROSS LOSS	(218)	-
LESS: ADMINISTRATIVE EXPENSES		
Audit fee	3,500	3,000
Bank charges	223	61
Director's remuneration	120,000	-
Legal and professional fees	5,275	18,944
License fee	400	200
Miscellaneous expenses	153	300
Network	600	600
Office expenses	(51)	51
Postage and courier	84	25
Rental of office	10,788	10,249
Software maintenance	-	100
Staff visa and permit	105	-
Telecommunication expenses	721	105
Travel and entertainment	-	945
Exchange loss	180	-
Social security expenses	135	-
	142,113	34,580
FINANCE COSTS		
Interest expense	2,116	-
TOTAL OPERATING EXPENSES	144,229	34,580
NET LOSS FOR THE YEAR/PERIOD	(144,447)	(34,580)

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

Asian Trails Ltd.

Financial statements for the year ended
31 March 2022
and
Independent Auditor's Report

Agreed and Accepted
by..............................
Date: 15....July....2022

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

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 March 2022, 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 March 2022 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.

Agreed and Accepted by..............................

Date: 15...July....2022

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

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 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.

(Treerawat Witthayaphalert)
Certified Public Accountant
Registration No. 11464

KPMG Phoomchai Audit Ltd.
Bangkok
15 July 2022

Agreed and Accepted
by.................................
Date: 15....July....2022

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

Asian Trails Ltd.

Statement of financial position

Assets	*Note*	31 March 2022	31 March 2021
		(in Baht)	
Current assets			
Cash and cash equivalents		5,924,054	3,131,006
Trade and other receivables	*4*	53,330,714	41,086,082
Other current assets		16,397,861	11,655,309
Total current assets		**75,652,629**	**55,872,397**
Non-current assets			
Investment in subsidiaries	*5*	5,999,840	5,999,840
Leasehold improvements and equipment	*6*	1,268,099	1,917,859
Intangible assets		48	43
Deferred tax assets	*7*	15,817,395	17,543,081
Restricted deposits at financial institution		10,000	10,000
Other non-current assets		1,778,509	1,752,755
Total non-current assets		**24,873,891**	**27,223,578**
Total assets		**100,526,520**	**83,095,975**

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

Agreed and Accepted by.................................
Date: 15...July....2022

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Asian Trails Ltd.

Statement of financial position

Liabilities and capital deficiency	*Note*	31 March 2022	31 March 2021
		(in Baht)	
Current liabilities			
Bank overdrafts	*8*	37,553,101	41,748,847
Trade and other payables		77,565,319	110,709,024
Unsecured short-term loan from immediate parent company	*8*	236,027,141	95,227,970
Unsecured short-term loan from related party	*8*	12,918,904	7,876,300
Current portion of finance lease liabilities	*8*	239,872	535,344
Advance received from customers		24,199,645	22,252,099
Other current liabilities		390,411	57,761
Total current liabilities		**388,894,393**	**278,407,345**
Non-current liabilities			
Finance lease liabilities	*8*	-	239,872
Provision for retirement benefits	*9*	19,546,226	20,466,781
Total non-current liabilities		**19,546,226**	**20,706,653**
Total liabilities		**408,440,619**	**299,113,998**
Capital deficiency			
Share capital			
Authorised share capital		24,000,000	24,000,000
(240,000 ordinary shares, par value at Baht 100 per share)			
Issued and paid-up share capital		24,000,000	24,000,000
(240,000 ordinary shares, par value at Baht 100 per share)			
Deficit			
Appropriated			
Legal reserve		2,400,000	2,400,000
Deficit		(334,314,099)	(242,418,023)
Capital deficiency		**(307,914,099)**	**(216,018,023)**
Total liabilities and capital deficiency		**100,526,520**	**83,095,975**

Agreed and Accepted

by.............................

Date: 15....July....2022

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Asian Trails Ltd.

Statement of income

	Note	For the year ended 31 March 2022	2021
		(in Baht)	
Revenue			
Revenue from rendering of services		36,434,947	7,193,515
Interest income		627	12,685
Other income		24,710,100	43,872,094
Total revenue		**61,145,674**	**51,078,294**
Expenses			
Cost of rendering of services		29,515,861	6,045,584
Selling expenses		397,368	1,851,673
Administrative expenses		101,160,455	120,276,601
Net foreign exchange loss		10,612,692	1,431,349
Total expenses		**141,686,376**	**129,605,207**
Loss before finance costs and income tax expense		**(80,540,702)**	**(78,526,913)**
Finance costs		9,629,688	3,750,467
Loss before tax expense		**(90,170,390)**	**(82,277,380)**
Income tax expense (income)	*7*	1,725,686	(9,618,758)
Loss for the year		**(91,896,076)**	**(72,658,622)**

Agreed and Accepted
by.............................
Date: 15....July....2022

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Asian Trails Ltd.

Statement of changes in capital deficiency

	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 March 2021				
Balance at 1 April 2020	**24,000,000**	**2,400,000**	**(169,759,401)**	**(143,359,401)**
Loss for the year	-	-	(72,658,622)	(72,658,622)
Balance at 31 March 2021	**24,000,000**	**2,400,000**	**(242,418,023)**	**(216,018,023)**
Year ended 31 March 2022				
Balance at 1 April 2021	**24,000,000**	**2,400,000**	**(242,418,023)**	**(216,018,023)**
Loss for the year	-	-	(91,896,076)	(91,896,076)
Balance at 31 March 2022	**24,000,000**	**2,400,000**	**(334,314,099)**	**(307,914,099)**

Agreed and Accepted
by.................................
Date: 15....July....2022

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

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

Asian Trails Ltd.
Notes to the financial statements
For the year ended 31 March 2022

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Trade and other receivables
5	Investment in subsidiaries
6	Leasehold improvements and equipment
7	Deferred tax
8	Interest-bearing liabilities
9	Provision for retirement benefits
10	Commitments
11	Other information

Agreed and Accepted
by.............................
Date: 15....July....2022

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

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 15 July 2022.

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 period 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 (TFAC).

In addition, the Company has applied The following Thai Financial Reporting Standard for Publicly Accountable Entities (TFRS for PAEs).

TFRS	**Topic**
TAS 12	Income Taxes

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 the Company's accounting policies. Actual results may differ from these 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

For the year ended 31 March 2022, the Company incurred a net loss of Baht 91.90 million *(for the year ended 31 March 2021: net loss of Baht 72.66 million)* and, as of that date, the Company's current liabilities exceeded its current assets by Baht 313.24 million *(2021: Baht 222.53 million)* and the Company had deficit of Baht 334.31 million *(2021: Baht 242.42 million)* and capital deficiency as of that date of Baht 307.91 million *(2021: Baht 216.02 million)*. Such circumstances indicate the existence of an uncertainty which may cast doubt about the Company's ability to continue as a going concern.

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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

Assets which the Company leases and substantially assumes all the risk and rewards of ownership are classified as finance leases and recognised as leasehold improvements and equipment at the lower of its fair value and the present value of the minimum lease payments, plus initial direct costs, 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.

Agreed and Accepted
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Date: 15...July....2022

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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.

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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.

Agreed and Accepted

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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 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 payables***

Trade and other payables 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.

Provision for retirement benefits

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

(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.

Agreed and Accepted
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Interest income

Interest income is recognised in the statement of income as it accrues.

(l) Operating leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Contingent rentals are recognised as expense in the accounting period in which they are incurred.

(m) Finance costs

Interest expenses and similar costs are recognised on accrued basis. The interest component of finance lease payments is recognised using the effective interest rate method.

(n) Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in the statement of income.

Current tax is recognised in respect of 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. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

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.

Agreed and Accepted
by.................................
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4 Trade and other receivables

	2022	2021
	(in thousand Baht)	
Trade and other receivables	55,307	43,062
Less allowance for doubtful accounts	(1,976)	(1,976)
Net	**53,331**	**41,086**
Bad debts written-off	-	**4,502**
Bad debts	-	**4,545**

5 Investment in subsidiaries

	2022	2021
	(in thousand Baht)	
Investment in subsidiaries, at cost-net	**6,000**	**6,000**

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by.................................
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Investment in subsidiaries as at 31 March 2022 and 2021, was as follow:

Subsidiaries	Type of Business	Ownership interest		Paid-up capital		Cost		Allowance for losses on decline in value		At cost - net		Dividend Income	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		(%)						*(in thousand Baht)*					
Chang Som Co., Ltd.	Rendering of transportation services	99.99	99.99	6,000	6,000	6,000	6,000	-	-	6,000	6,000	-	-
Thomas Cook In Destination Management (Thailand) Co., Ltd. (note)	Tour operating services	49.00	49.00	-	-	-	-	-	-	-	-	-	-
Total						**6,000**	**6,000**	**-**	**-**	**6,000**	**6,000**	**-**	**-**

Note: On 3 January 2020, Asian Trails Co., Ltd. invested in Thomas Cook In Destination Management (Thailand) Co., Ltd. for 117,600 shares at total cost of 40 Baht. The Company holds 49% shares in Thomas Cook In Destination Management (Thailand) Co., Ltd. but has power to control and made decisions on operations of such company. Therefore, the Company classified investment in such company as investment in subsidiary.

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6 Leasehold improvements and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Total
		(in thousand Baht)		
Cost				
At 1 April 2020	7,607	25,982	16,136	49,725
Additions	-	97	-	97
Disposals	-	(687)	(46)	(733)
At 31 March 2021 and 1 April 2021	**7,607**	**25,392**	**16,090**	**49,089**
Additions	-	337	-	337
At 31 March 2022	**7,607**	**25,729**	**16,090**	**49,426**
Depreciation				
At 1 April 2020	7,150	25,199	14,513	46,862
Depreciation charge for the year	91	411	540	1,042
Disposals	-	(687)	(46)	(733)
At 31 March 2021 and 1 April 2021	**7,241**	**24,923**	**15,007**	**47,171**
Depreciation charge for the year	96	353	538	987
At 31 March 2021	**7,337**	**25,276**	**15,545**	**48,158**
Net book value				
At 31 March 2021				
Owned assets	366	469	1	836
Assets under finance leases	-	-	1,082	1,082
	366	**469**	**1,083**	**1,918**
At 31 March 2022				
Owned assets	270	453	1	724
Assets under finance leases	-	-	544	544
	270	**453**	**545**	**1,268**

7 Deferred tax

Deferred tax assets as at 31 March 2022 and 2021 were as follow:

	2022	2021
	(in thousand Baht)	
Deferred tax assets	**15,817**	**17,543**

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Movements in deferred tax assets during the year ended 31 March 2022 and 2021 were as follows:

	At 1 April 2021	(Charged) / Credited to: Statement of income	At 31 March 2022
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	395	-	395
Provision for retirement benefits	4,076	(167)	3,909
Loss carry forward	13,072	(1,559)	11,513
Total	**17,543**	**(1,726)**	**15,817**

	At 1 April 2020	(Charged) / Credited to: Statement of income	At 31 March 2021
		(in thousand Baht)	
Deferred tax assets			
Accounts receivable	387	8	395
Provision for retirement benefits	5,978	(1,902)	4,076
Loss carry forward	1,559	11,513	13,072
Total	**7,924**	**9,619**	**17,543**

Deferred tax asset has not been recognised in respect of the following item:

	2022	2021
	(in thousand Baht)	
Tax losses	219,425	143,666
Total	**219,425**	**143,666**

During year ended 31 March 2021, partial amounts of incurred tax losses has been recognised as deferred tax assets because management believed that the tourism industry as well as the Company's business will be recovered and there would be sufficient future taxable profit of such amount to be utilised after easing of COVID-19 pandemic in future year.

During year ended 31 March 2022, there was reversal on deferred tax assets from tax losses which would expire in 2023 because management believed that no future taxable profit will be available against with the Company can utilise the benefits therefrom.

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8 Interest-bearing liabilities

	2022	2021
	(in thousand Baht)	
Current		
Bank overdrafts-secured	37,553	41,749
Unsecured short-term loan from immediate parent company	236,027	95,228
Unsecured short-term loan from related party	12,919	7,876
Current portion of finance lease liabilities	240	535
Total current interest-bearing liabilities	**286,739**	**145,388**
Non-current		
Finance lease liabilities	-	240
Total non-current interest-bearing liabilities	-	**240**

As at 31 March 2022, the Company had overdrafts facilities with a financial institution in the amount of Baht 50 million *(2021: Baht 50 million)*, at the interest rate of MOR per annum. The overdraft facilities are secured by Thomas Cook (India) Limited, the ultimate parent company.

As at 31 March 2022, the Company had loan with immediate parent company in the amount USD 7.06 million (equivalent to Baht 236.03 million) which bear interest at the rate of 1.18% – 6.35%% per annum *(2021: USD 2.98 million (equivalent to Baht 93.73 million) which bear interest at the rate of 1.25% - 3.90% per annum)*. This loan will be repayable in July 2022.

As at 31 March 2022, the Company had loan with related party in the amount USD 0.13 million (equivalent to Baht 4.23 million) and Baht 8.69 million which bear interest at the rate of 0.45% - 1.25% per annum *(2021: 1.25% per annum)*. This loan will be repayable in July 2022.

Finance lease liabilities

Finance lease liabilities were payable as follows:

	2022			2021		
	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	245	5	240	579	44	535
After one year but within five years	-	-	-	245	5	240
Total	**245**	**5**	**240**	**824**	**49**	**775**

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Date: 15...July....2022

Kindly arrange to have this financial statements signed by the directors and return this copy to KPMG for our record.

9 Provisions for retirement benefits

	Retirement benefits *(in thousand Baht)*
At 1 April 2020	29,893
Addition	2,235
Paid	(11,661)
At 31 March 2021 and 1 April 2021	**20,467**
Addition	2,640
Paid	(515)
Reversal	(3,046)
At 31 March 2022	**19,546**

10 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:

	2022	2021
	(in thousand Baht)	
Non-cancellable operating lease commitments		
Within one year	4,110	6,920
After one year but within five years	613	3,584
Total	**4,723**	**10,504**

(b) Agent agreements for Tourism service with foreign companies

The Company entered into agreements with foreign companies to be a tourism services representative agent to such companies. As at 31 March 2022, the Company received deposits as said services in total of Baht 7.30 million *(2021: Baht 7.05 million)*. Under the terms of the agreements, the Company had commitments with the terms and conditions as stipulated in the agreements.

(c) Other commitment

	2022	2021
	(in thousand Baht)	
Other commitment		
Bank guarantees	**700**	**3,000**

Commitment for bank guarantees issued by a local bank under the requirement of International Air Transport Association which it was guaranteed by the Company's deposits with such bank and presented under "restricted deposits at financial institution" in the statements of financial position.

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11 Other information

The Company opened bank accounts on behalf of a related party in Myanmar for 2 current accounts and 4 saving accounts. As at 31 March 2022, the balance of 2 current accounts were in the amount of Baht 150,636.7 *(2021: Baht 115,660.5)* and balances of 4 saving accounts were in the amount of USD 63,938.2 and Baht 23,775.2, respectively *(2021: USD 101,213.49 and Baht 24,015.24, respectively)*. These 6 accounts were not included in the Company's accounting records for the year ended 31 March 2022 and 2021.

Agreed and Accepted
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GREAT SOUTH

CÔNG TY KIỂM TOÁN VÀ GIẢI PHÁP CÔNG NGHỆ THÔNG TIN ĐẠI NAM

GREAT SOUTH AUDITING AND INFORMATION TECHNOLOGY SOLUTION CO., LTD.

KIỂM TOÁN THỦY CHUNG

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2021

ASIAN TRAILS CO., LTD

AUDITING

ACCOUNTING

I.T.SOLUTION

ebsite: www.gs-audit.com

ASIAN TRAILS CO., LTD

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REPORT OF THE DIRECTORS

The Directors of Asian Trails Co., Ltd ('the company') present this report together with the audited financial statements for the fiscal year ended 31 December 2021.

Business highlights

- Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2020.
- Charter capital: VND 3,000,000,000 (three billion Vietnam Dong).
- Structure of charter capital as follows:

Members	As certificate of business registration	Rate
– Bui Viet Thuy Tien	VND 2,400,000,000	80%
– Bui Viet Hong Duc	VND 600,000,000	20%
Total	**VND 3,000,000,000**	**100%**

- Head office
  - Address: 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22
    Binh Thanh District, Ho Chi Minh City.
- Principal activities and significant changes to the business
  - Domestic and international tourist service, trading souvenir, handicraft products, commercial services, goods consignment agent.

Financial position and business results

The financial position as of Asian Trails Co., Ltd, the business results and the cash flows for the year then ended of the company have been expressed in the financial statements attached to this report (from page 04 to page 15).

Current assets

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current assets in the financial statements as misleading.

Contingent liabilities

At the date of this report, no contingent liabilities have arisen since the end of the fiscal year against the assets of the Company.

Subsequent events

The Directors of the company hereby confirm that there have been no events after 31 December 2021 to the date of this report, which need any adjustments on the figures or the disclosures in the financial statements.

The Board of Directors

The Board of Directors of the company during the year and as of the date of this report include:

Full name	**Position**
– Ms Bui Viet Thuy Tien	Director

Auditors

Thuy Chung Auditing - Branch of the Great South Auditing & Information Technology Solution Co., Ltd have performed the audit on the company's financial statements for the fiscal year ended 31 December 2021 and have expressed their willingness to be appointed the company's external auditors in the coming years.

Confirmations of the Directors

The Directors of the company are responsible for the preparation of the financial statements to give a true and fair view of the financial position as of the balance sheet date, the business results and the cash flows of the company for each of the company's fiscal year. In order to prepare these financial statements, the Directors must:

- Select the appropriate accounting policies and apply them consistently;
- Make judgments and estimates prudently;
- Announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements; and
- Prepare the financial statements of the company on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors hereby ensure that all the requirements mentioned above have been followed when the financial statements are prepared, that all the accounting books of the company have been fully recorded and can fairly reflect the financial position of the company at any time, and that all the financial statements have been prepared in compliance with the Vietnamese accounting system and standards.

The Directors are also responsible to protect the assets of the company, and consequently have proceeded appropriate measures to prevent and to detect frauds and other irregularities.

We, the Directors of the company, confirm that all the accompanying financial statements and the notes to the financial statements have been properly prepared and have given a true and fair view of the financial position as of 30 September 2021, the business results and the cash flows for the year then ended of the company in compliance with the Vietnamese accounting system and standards as well as other related regulations.

For and on behalf of the Directors

0302229325-C.T.T.N.H.H
CÔNG TY TNHH
DU LỊCH ĐƯỜNG MÒN
CHÂU Á
TP. HỒ CHÍ MINH

BUI VIET THUY TIEN
Director
11 January 2022

No. CN/KTTC/007A

INDEPENDENT AUDITOR'S REPORT

To: THE DIRECTOR OF ASIAN TRAILS CO., LTD

We have audited the accompanying financial statements of Asian Trails Co., Ltd for the fiscal year ended 31 December 2021 prepared on 11 January 2022 on pages from 04 to 15 including Balance Sheet, Income statement, Cash flow and Notes to the Financial Statements of your Company attached with hereafter.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese accounting standards and systems and statutory regulations relevant to preparation and presentation of financial statements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material mis-statement, 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 Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinions

In our opinion, in the all material respects, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations and its cash flow for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory regulations relevant to preparation and presentation of financial statements.

Thuy Chung Auditing - Branch of the Great South Auditing & Information Technology Solution Co., Ltd

PhD Phung Thi Thanh Thuy – Deputy Director	**Pham Gia Bao Ngoc – Auditor**
Audit Practicing Registration	*Audit Practicing Registration*
Certificate No. 0126-2019-169-1	*Certificate No. 1267-2018-169-1*
Ho Chi Minh City, 22 February 2022	

BALANCE SHEET
As at 31 December 2021

UNIT : USD

Description	Note	As at 31 December 2021		As at 31 December 2020	
ASSETS					
Fixed assets					
– Historical cost	V.8	32.751,81		32.751,81	
– Accumulated depreciation	V.8	(31.479,60)		(22.896,90)	
			1.272,21		*9.854,91*
Current assets					
– Short-term deposits	V.3	29.702,65		29.442,92	
– Receivables from customers	V.4	39.796,93		7.944,69	
– Advance to suppliers	V.5	78.306,99		76.187,64	
– Other receivable	V.6	36.014,84		57.463,07	
– Prepaid expenses	V.7	13.236,89		4.174,78	
– Investments in other entities	V.10	41.203,20		41.203,20	
– Loan receivable	V.9	1.415.882,52		1.549.383,00	
			1.654.144,02		*1.765.799,30*
– Cash on hand	V.1	1.689,94		6.724,54	
– Cash at bank	V.2	833.163,71		1.259.679,41	
			834.853,65		*1.266.403,95*
TOTAL ASSETS			**2.490.269,88**		**3.042.058,16**
EQUITY					
– Paid-in capital	V.12	143.540,00		143.540,00	
– Undistributed earnings	V.12	41.522,93		246.700,80	
+ Retained earning of the previous years		*246.700,80*		*510.531,35*	
+ Profit/ losses of the current year		*(205.177,87)*		*(263.830,55)*	
			185.062,93		*390.240,80*
– Bonus and welfare funds		135.614,03		135.614,03	
– Payable to suppliers	V.13	8.375,85		10.570,97	
– Advance from customers	V.14	778.262,20		830.450,22	
– Lease liability		-		-	
– Personal income tax	V.15	499,91		499,91	
– Corporate income tax	V.15	158.233,01		158.233,01	
– Value added tax payable	V.15	580.038,69		580.038,69	
			1.661.023,69		*1.715.406,83*
– Others payable	V.16	100.822,03		100.818,49	
– Provision for unemployment	V.17	285.853,12		265.728,17	
– Accrual expenses	V.11	257.508,11		569.863,87	
			644.183,26		*936.410,53*
TOTAL EQUITY			**2.490.269,88**		**3.042.058,16**

Ho Chi Minh City, 11 January 2022

Chief accountant *Director*

Khanh

PHAM THI KIM KHANH BUI VIET THUY TIEN

M.S.D.N: 0302229325-C.T.T.N.H.H CÔNG TY TNHH DU LỊCH ĐƯỜNG MÂY CHÂU Á THÀNH PHỐ HỒ CHÍ MINH

ASIAN TRAILS CO., LTD.

28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City

PROFIT AND LOSS STATEMENT
For the year 2021

UNIT : USD

Description	Note	Year 2021	Year 2020
INCOME		**365.535,73**	**4.033.278,40**
– Sales from rendering services	VI.1	50.536,52	3.780.279,16
– Financial income	VI.2	17.696,59	23.722,22
– Sales returns		-	-
– Others income	VI.3	297.302,62	229.277,02
EXPENSES		**570.713,60**	**4.297.108,95**
– Cost of tours	VI.4	25.006,31	3.062.857,47
– Sales and marketing expenses	VI.5	7.924,01	54.304,42
– Depreciation expenses		8.582,70	9.700,65
– Personnel expenses	VI.6	299.446,52	598.177,76
– Management expenses	VI.7	229.830,57	420.238,81
– Bad debt		-	16.314,00
– Financial expenses	VI.8	-	-
– Bank charges	VI.8	1.225,54	5.403,07
– Taxes	VI.9	173,28	64.715,75
– Management fees paid		-	55.187,54
– Other expenses		(1.475,33)	10.209,48
PROFITS		**(205.177,87)**	**(263.830,55)**

Ho Chi Minh City, 11 January 2022

Chief Accountant

PHAM THI KIM KHANH

Director

M.S.D.N:0302229325-C.T.T.N.H.H
CÔNG TY TNHH
DU LỊCH ĐƯỜNG MÒN
CHÂU Á
THÀNH PHỐ HỒ CHÍ MINH

BUI VIET THUY TIEN

NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2021

These notes are integral part of and should be read in conjunction with the financial statements for the fiscal year ended 31 December 2021 of Asian Trails Co., Ltd ("the Company").

I. OPERATION FEATURES

1. **Form of owner:** Asian Trails Co. Ltd is established under the business license No. 4102003844 granted by Planning and Investment Department on 22 February 2001 and the 10th changing of certificate business registration on 16 July 2021 has allowed the company to move the head quarter to 28D1, Sai Gon Pearl Villas, 92 Nguyen Huu Canh, Ward 22, Binh Thanh District, Ho Chi Minh City.
2. **Business lines:** Domestic and international tour service, trading souvenir, handicraft products, commercial services, goods consignment agent.
3. **Material effects on the Company's operation:**
   - There have not any fluctuations which can cause material effects on the Company's operations during the year.

II. ACCOUNTING PERIOD AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. **Fiscal year**
   The fiscal year is from 01 January to 31 December annual.
2. **Standard currency unit used in accounting and method of foreign currency transaction**
   The standard currency unit used is USD, other currencies are converted into USD at the time the business transactions happen with the exchange rate issued by State Bank or real exchange ruling at the date of the transaction.

III. ACCOUNTING SYSTEM AND STANDARDS

1. **Accounting system**
   The company adopt the International Accounting Standards.
2. **Accounting form:**
   General Journal.
3. **Fixed assets and depreciation of fixed assets**

   Evaluation method

   Historical costs of fixed assets include the buying prices and other directly related costs to put the fixed assets into use.

   When the assets are disposed or liquidated, their historical costs and accumulated depreciation are written off then any profit or loss generated from the liquidation is included in the Income Statement.

   Depreciation method

   Fixed assets are depreciated in accordance with the straight-line method to write off their historical costs during their estimated useful lives as stipulated in the Decision No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance.

The annual depreciation periods applied are as follows:

Fixed assets	Years
Office equipment	03
Means of transportation	10
Intangible fixed assets	03

4. Method of sales and expenditure recognition

Revenue of sales is recognized in the income statement when service is performed.
Expenses are recorded corresponding to the sales at the transaction dates.

5. Principles of recognized accruals and unemployment funds.

Accrued tours cost made by invoices received up to the date signed financial report and estimated by the managers.
Unemployment fund made by 50% of one month salaries.

6. Principles for recognized provision for bad debts.

Provision for bad debts made for all trade receivables over due 3 months.

IV. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

Unit: USD

1. Cash on hand

	Ending balance	Beginning balance
– Cash on hand at Ho Chi Minh Office	**130,47**	**4.074,40**
+ Cash in hand (USD)	125,00	425,33
+ Cash in hand (VND)	5,47	3.649,07
(equivalent in VND)	*124.547*	*84.235.193*
– Cash on hand – Da Nang Branch	**53,29**	**43,28**
+ Cash in hand (USD)	53,29	43,28
(equivalent in VND)	*1.214.537*	*998.985*
– Cash on hand – Ha Noi Branch	**1.506,18**	**2.606,86**
+ Cash in hand (USD)	26,18	327,53
(equivalent in VND)	*596.741*	*7.560.801*
+ Cash in hand (VND)	1.480,00	2.279,33
TOTAL	**1.689,94**	**6.724,54**

2. Cash in bank

	Ending balance	Beginning balance
– Cash at bank - Ho Chi Minh Office	**817.063,16**	**1.231.457,08**
At Viecombank	***811.769,40***	***1.192.403,50***
+ Cash at bank (VND)	3.204,59	35.034,10
(equivalent in VND)	*73.026.103*	*808.723.514*
+ Cash at bank (USD)	791.911,59	1.127.615,05
+ Cash at bank (EUR)	16.653,22	29.754,35
At ACB	***5.293,76***	***39.053,58***
+ Cash at bank (VND)	4.779,49	38.401,83
(equivalent in VND)	*108.926.371*	*886.473.490*
+ Cash at bank (USD)	514,27	651,75
– Cash at bank - Da Nang Branch	**627,86**	**874,88**
(equivalent in VND)	*14.308.624*	*20.195.692*
– Cash at bank - Ha Noi Branch	**35,49**	**89,70**
(equivalent in VND)	*1.214.537*	*2.070.726*
– Cash at DBS BANK (Singapore)	**9.975,23**	**21.865,49**
– Saving account in Vietcombank	**5.461,97**	**5.392,26**
+ Saving account in VND	5.461,97	5.392,26
(equivalent in VND)	*124.475.154*	*124.475.154*
TOTAL	**833.163,71**	**1.259.679,41**

3. Short-term deposits

	Ending balance	Beginning balance
– Deposit for office rental in Saigon	11.622,63	11.622,63
– Deposit for Onepay	6.510,51	6.250,78
– Deposit for International Tourism	11.210,76	11.210,76
– Deposit for Vinasun taxi card	134,53	134,53
– Deposit for roaming fees	224,22	224,22
TOTAL	**29.702,65**	**29.442,92**

4. Receivables from customers

	Ending balance	Beginning balance
– Receivables from customers	39.796,93	7.944,69
Total	**39.796,93**	**7.944,69**

5. Advance to suppliers

	Ending balance	Beginning balance
– Advance to suppliers	78.306,99	76.187,64
Total	**78.306,99**	**76.187,64**

6. Other receivables

	Ending balance	Beginning balance
– Other receivables	36.014,84	57.463,07
Total	**36.014,84**	**57.463,07**

7. Prepaid expenses

	Ending balance	Beginning balance
– Prepaid expenses – Insurance expenses	2.427,43	2.225,13
– Prepaid expenses – Others expenses	10.742,77	1.452,06
– Prepaid expenses – Rental fees	42,68	473,58
– Prepaid expenses - Internet & Software License	24,01	24,01
TOTAL	**13.236,89**	**4.174,78**

8. Fixed assets

Items	Office equipment	Transportation	Total
Historical costs			
Beginning balance	**31.248,25**	**1.503,56**	**32.751,81**
– Increases	-	-	-
In Which:			
New purchases	-	-	-
– Decreases			
Ending balance	**31.248,25**	**1.503,56**	**32.751,81**
Depreciation			
Beginning balance	**21.393,34**	**1.503,56**	**22.896,90**
– Increases	8.582,70	-	8.582,70
– Decreases		-	-
Ending balance	**29.976,04**	**1.503,56**	**31.479,60**
Net book values			-
– Beginning balance	9.854,91	-	**9.854,91**
– Ending balance	**1.272,21**	-	**1.272,21**

9. Loan receivable

	Ending balance	Beginning balance
– Loan receivable	1.415.882,52	1.549.383,00
Total	**1.415.882,52**	**1.549.383,00**

Loan receivable in details as at 31 December 2020

	USD
– Asian Trails Holding	1.157.967,18
– Asian Trails Thai Lan	158.532,34
– Ms Bui Viet Thuy Tien	99.383,00
Total	**1.415.882,52**

10. Investments in other entities

	Ending balance	Beginning balance
– Investments in other entities	41.203,20	41.203,20
TOTAL	**41.203,20**	**41.203,20**

11. Accrued expenses

	Ending balance	Beginning balance
– Accrued liabilities - Cost of sales (NetSuite)	4.729,56	176.164,00
– Accrued liabilities - Others	185.431,31	200.368,95
– Accrued liabilities - Cost of sales (Passion)	455,44	120.455,44
– Accrued liabilities - Sales Commission	58.224,31	61.964,77
– Accrued liabilities - Audit Fee	4.084,18	6.327,40
– Accrued liabilities - Non current ROU Lease Liability	4.583,31	4.583,31
TOTAL	**257.508,11**	**569.863,87**

12. Paid-in capital

Statement of fluctuations in owner's equity

	Capital	Retained earnings	Total
Beginning balance of the previous year	**143.540,00**	**1.096.634,66**	**1.240.174,66**
– Capital increased in the previous year	-		
– Profit of the previous year	-	(263.830,55)	**(263.830,55)**
– Profit sharing of the previous year	-	(586.103,31)	**(550,000.00)**
Ending balance of the current year	**143.540,00**	**246.700,80**	**390.240,80**
Beginning balance of the current year	**143.540,00**	**246.700,80**	**390.240,80**
– Capital increased in the year	-	-	-
– Profit of the current year	-	(205.177,87)	**(205.177,87)**
– Profit sharing of the current year	-	-	-
Ending balance of the current year	**143.540,00**	**41.522,93**	**185.062,93**

13. Payable to suppliers

	Ending balance	Beginning balance
– Payable to suppliers	8.375,85	10.570,97
TOTAL	**8.375,85**	**10.570,97**

14. Advance from customers

	Ending balance	Beginning balance
– Advance from customers	778.262,20	830.450,22
TOTAL	**778.262,20**	**830.450,22**

15. Tax payable

	Ending balance	Beginning balance
– Personal income tax	499,91	499,91
– Corporate income tax	158.233,01	158.233,01
– Value added tax payable	580.038,69	580.038,69
TOTAL	**738.771,61**	**738.771,61**

16. Other payable

	Ending balance	Beginning balance
– Other payable	101.166,52	100.818,49
TOTAL	**101.166,52**	**100.818,49**

17. Provision for unemployment

	Ending balance	Beginning balance
– Provision for unemployment	285.853,12	265.728,17
TOTAL	**285.853,12**	**265.728,17**

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE INCOME STATEMENT

1. Sales from rendering services

	Current year	Previous year
– Sales from tours	50.536,52	3.780.279,16
TOTAL	**50.536,52**	**3.780.279,16**

2. Financial income

	Current year	Previous year
– Interest income	17.696,59	23.722,22
TOTAL	**17.696,59**	**23.722,22**

3. Other income

	Current year	Previous year
– Other income	297.302,62	229.277,02
TOTAL	**297.302,62**	**229.277,02**

4. Cost of sales

	Current year	Previous year
– Cost of tours	25.006,31	3.062.857,47
TOTAL	**25.006,31**	**3.062.857,47**

5. Sales & marketing expenses

	Current year	Previous year
– Gift to customer	-	343,15
– Inspection trips	-	1.245,90
– Trade shows expenses	516,28	1.849,64
– Advertising local	-	141,06
– Commission of sales	3,81	20.651,51
– Other	7.403,92	30.073,16
TOTAL	**7.924,01**	**54.304,42**

6. Personnel expenses

	Current year	Previous year
– Salaries & wages	252.865,39	520.102,81
– Social security fund	39.037,07	58.904,68
– Medical	2.913,33	4.339,28
– Training & recruitment	-	1.388,12
– Others personnel expenses	4.630,73	13.442,87
TOTAL	**299.446,52**	**598.177,76**

7. Management expenses

	Current year	Previous year
Communication expenses		
– Telephone charges	1.823,77	5.922,96
– Postage and courier expenses	157,08	880,42
Total Communication expenses	**1.980,85**	**6.803,38**
Office expenses		
– Office rental	47.892,38	123.440,48
– Electricity and water expenses	2.844,52	8.552,16
– Software maintenance expenses	151,80	689,14
– IT expenses	5.226,94	7.923,18
– Other office expenses	2.482,42	22.601,69
Total Office expenses	**58.598,06**	**163.206,65**
Administration expenses		
– Printing and stationeries expenses	498,45	2.276,46
– Audit fees	1.656,00	6.329,00
– Transportation expenses	30,13	5.305,92
– Accommodation expenses	219,62	-
– Travelling expenses	177,11	14.498,25
– Entertainment expenses	-	1.135,49
– Insurance expenses	6.528,79	7.464,17
– Membership fees	112,56	603,49
– Charges Thomas Cook Group	-	212.616,00
Total Administration expenses	160.029,00	***250.228,78***
TOTAL	***229.830,57***	**420.238,81**

8. Financial expense

	Current year	Previous year
– Others	1.225,54	5.403,07
TOTAL	**1.225,54**	**5.403,07**

9. Others expenses

	Current year	Previous year
– Corporate income tax expenses	173,28	10.715,75
– Value added tax expenses	-	54.000,00
TOTAL	**173,28**	**64.715,75**

VI. SUBSEQUENT EVENT

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

PHAM THI KIM KHANH	**BUI VIET THUY TIEN**
Chief Accountant	**Director**
11 January 2022	

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

2021Auditor's Report

DLK [2022] D13-157

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Auditor’s Report

DLK [2022]D13-157

To all shareholders of Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. (hereinafter referred to as the “Company”), including Balance Sheet as at December 31, 2021, and Income Statement, Cash Flow Statement and the Statement of Changes in Owners’ Equity for the year then ended, as well as the Notes to Financial Statements.

In our opinion, the attached financial statements have been prepared in accordance with the Accounting System for Business Enterprises in all significant aspects, and have given fair views of the Company’s financial position as at December 31, 2021, and the operating results and cash flows for the year then ended.

II. Basis for Forming Audit Opinion

We conducted the audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Our responsibilities under these Standards are further set forth in the Section “CPA’s Responsibility for Auditing Financial Statements” hereunder. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company, and have fulfilled other responsibilities in respect of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Management and the Executives for Financial Statements

The Company’s management (hereinafter referred to as the management) is responsible for preparing the financial statements which should give fair view in accordance with the Accounting System for Business Enterprises, and designing, executing and maintaining necessary internal control, so that the financial statements are free from material misstatement, whether due to fraud or errors.

In preparation of the financial statements, the management is responsible for evaluating the Company’s ability of going concern, disclosing the matters related to going concern (if applicable), and utilizing the going concern assumptions, unless the management plans to liquidate the Company, or terminate operation or does not have any other practical choices.

The executives are responsible for supervising the process of the Company’s financial reporting.

IV. CPA’s Responsibility for Auditing Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements in the whole are free from material misstatement, whether due to fraud or errors, and to issue the auditor’s report including the audit opinion. The reasonable assurance is at high level, but cannot guarantee that audit in line with the auditing standards will always discover certain material misstatement if any. Misstatement might be caused by fraud or errors. If it is reasonably anticipated that misstatement might independently or together affect the economic decisions made by the users of the financial statements based on the financial statements, then, it is generally assumed that the misstatement is material.

In the course of audit performed in accordance with the auditing standards, we make our professional judgment and maintain the professional skepticism. Meanwhile, we also perform the following work:

(I) To identify and evaluate the material misstatement risks of the financial statements whether due to fraud or errors, design and implement the audit procedures to cope with these risks, and obtain sufficient and appropriate audit evidence as the basis for the audit opinion. As fraud might involve collusion, forging, intentional omission or false statement or overrides the internal control, the risk in failure to discover the material misstatement due to fraud overrides the risk in failure to discover the material misstatement due to errors.

(II) To understand the audit related internal control, in order to design appropriate procedures, but not for the purpose of expressing opinion on the effectiveness of the internal control.

(III) To evaluate the appropriateness of the accounting policies used by the management, and the reasonableness of the accounting estimates and relevant disclosures made by the management.

(IV) To make conclusions on appropriateness of the going concern assumptions used by the management, and make conclusions on material uncertainty of the matters or circumstances that are likely to materially challenge the Company’s ability of going concern based on the obtained audit evidence at the same time. If our conclusions hold that there is material uncertainty, the auditing standards require we remind the users of the statements of the relevant disclosures in the financial statements in our auditor’s report; if the disclosures are insufficient, we should express unqualified opinion. Our conclusions are based on the information available as of the date of the auditor’s report. However, the future matters or circumstances might disqualify the Company from going concern.

(V) To evaluate the overall presentation, structure and contents (including disclosures) of the financial statements, and evaluate whether the financial statements give fair view on the relevant transactions and matters.

We have communicated the planned audit scope, schedule and material audit discoveries with the executives, including the internal control defects that have been identified by us in the course of audit and should be paid attention to.

Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd.	Chinese CPA:
Beijing, China	
July 11 ,2022	Chinese CPA:

Balance Sheet

December 31, 2021

KQ Form 01

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Assets	Notes	Year-closing balance	Year-opening balance
Current Assets:			
Cash and cash equivalents	1	3,952,417.80	947,608.77
Financial assets measured at fair value through profit or loss for the current period	2		
Derivative financial assets	3		
Notes receivable	4		
Accounts receivable	5	7,532,565.64	775,154.52
Receivables financing	6		
Advances to suppliers	7	683,621.36	57,242.27
Others receivables	8	1,737,930.20	42,200.00
Inventories	9	3,509,949.28	764,483.11
Contract assets	10		
Hold for sale assets	11		
Non-current assets due within one year	12		
Other current assets	13		
Total Current Assets	14	**17,416,484.28**	**2,586,688.67**
Non-current Assets:			
Financial assets available for sale	15		
Held-to-maturity investment	16		
Long-term accounts receivable	17		
Long-term equity investments	18		
Investment Properties	19		
Fixed assets at net book value	20	4,934,630.51	1,034,944.26
Including:Fixed assets at net book value	21	4,934,630.51	1,034,944.26
Fixed assets pending disposal	22		
Construction in progress	23	25,238.09	19,858.35
Live stock assets	24		
Oil and gas assets	25		
Right assets	26		
Intangible assets	27		
Capitalized research and development expenses	28		
Goodwill	29		
Long-term prepaid assets	30		
Deferred income tax assets	31		
Other non-current assets	32		
Total Non-current Assets	33	**4,959,868.60**	**1,054,802.61**
Total Assets	34	**22,376,352.88**	**3,641,491.28**

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Balance Sheet

December 31, 2021

KQ Form 01

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Liabilities & Owners' Equity	Notes	Year-closing balance	Year-opening balance
Currents Liabilities:			
Short-term loans	35	5,326,909.04	
Financial liabilities measured at fair value through profit or loss for the current period	36		
Derivative financial liabilities	37		
Including:Notes payable	38		
Accounts payable	39	16,065,251.30	9,131,473.49
Accounts advanced from customers	40		
Contract liability	41		
Salary and wages payable	42		
Taxes and dues payable	43	-357,096.41	-307,660.43
Others payables	44	10,709,600.70	920,506.10
Held for sale debt	45		
Non-current liabilities due within one year	46		
Others current liabilities	47		
Total Current Liabilities	48	**31,744,664.63**	**9,744,319.16**
None current liabilities:			
Long-term loans	49		
Debentures payable	50		
Debentures payable-Preferred Stock	51		
Debentures payable-Perpetual debt	52		
Payables due after one year	53		
Including:Payables due after one year	54		
Government grants payable	55		
Provisions	56		
Deferred income	57		
Deferred income tax liabilities	58		
Other non-current liabilities	59		
Total Non-current Liabilities	60		
Total Liabilities	61	**31,744,664.63**	**9,744,319.16**
Owners' Equity(or shareholder's equity):			
Paid in capital(or equity capital)	62	11,587,860.32	1,780,182.38
Other equity instruments	63		
Including:Other equity instruments-Preferred Stock	64		
Other equity instruments-Perpetual debt	65		
Capital surplus	66		
Minus:Retained stock	67		
Other comprehensive income	68		
Special reserve	69		
Surplus reserve	70		
Undistributed profit	71	-20,956,172.07	-7,883,010.26
Total Owners' Equity	72	**-9,368,311.75**	**-6,102,827.88**
Total Liabilities & Owners' Equity	73	**22,376,352.88**	**3,641,491.28**

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Income Statement

Year 2021

KQ Form 02

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I.Sales of operations	1	19,426,905.37	6,682,764.69
Less: Cost of operations	2	29,650,192.90	4,399,320.26
Sales tax and additions	3	21,991.41	1,435.10
Selling expenses	4	4,231.50	
General and administrative expenses	5	2,585,332.40	3,662,633.18
Research and development expenses	6		
Financial expenses	7	317,952.55	-594,061.82
Including:Interest expenses	8	597,857.12	
Interest income	9	12,179.48	6,558.52
Add:Miscellaneous incomes	10		
Investment income (loss expressed with "-")	11		
Including:Income from associates and joint ventures	12		
Income from changes in fair value (loss expressed with "-")	13		
Impairment of assets	14		
Disposal of assets(loss expressed with "-")	15		
II.Operating income (loss expressed with "-")	16	**-13,152,795.39**	**-786,562.03**
Add:Non-operating income	17	253.45	
Less:Non-operating expense	18	117.80	
III.Total income	19	**-13,152,659.74**	**-786,562.03**
Less:Income tax	20		
IV.Net income (loss expressed with "-")	21	**-13,152,659.74**	**-786,562.03**
Continuous operation Profit/loss	22	-13,152,659.74	-786,562.03
Terminate the operation Profit/loss	23		
V.Each component of other comprehensive income, net of income tax effect	24		
1. Other comprehensive income which will not be reclassified subsequently to profit or loss	25		
1.1 Remeasure set benefit plan changes	26		
1.2 Other comprehensive income that cannot be transferred to profit or loss under the equity method	27		
……	28		
2. Other comprehensive income which will be reclassified subsequently to profit or loss when specific conditions are met	29		
2.1 Other comprehensive income under the equity method	30		
2.2 Changes in fair value of financial assets available for sale	31		
2.3 Investments held to maturity are reclassified as profits and losses of marketable financial assets	32		
2.4 The effective part of cash flow hedging profit and loss	33		
2.5 Translation differences arising on translation of foreign currency financial statements	34		
……	35		
VI.Total comprehensive earning	36	**-13,152,659.74**	**-786,562.03**
VII.Earning Per Share			
1.Primary earnings per share	37		
2.Diluted earnings per share	38		

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Cash Flow Statement

Year 2021

KQ Form 03

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. Currency: Rmb

Items	Notes	Year-closing balance	Year-opening balance
I. Cash Flows From Operating Activities			
Cash received from sale of goods or rendering of services	1	20,202,059.89	10,151,880.25
Refund of tax and levies	2		
Other cash received relating to operating activities	3	25,767,204.28	294,164.98
Sub-total of cash inflows from operating activties	4	45,969,264.18	10,446,045.23
Cash paid for goods and services	5	23,342,794.18	8,678,198.90
Cash paid to and on behalf of employees	6	23,129,447.63	2,407,656.74
Payments of all types of taxes	7	46,565.12	506,507.46
Other cash paid relating to operating activities	8	1,695,730.20	245,439.10
Sub-total of cash outflows from operating activties	9	48,214,537.13	11,837,802.20
Net cash flows from operating activities	10	-2,245,272.95	-1,391,756.97
II. Cash Flows From Investing Activities			
Cash received from recovery of investments	11		
Cash received from returns on investments	12		
Net cash received from disposal of fixed assets, intangible assets & other long-term assets	13		
Net cash from disposal of Subsidiary and other operating entitie	14		
Other cash received relating to investing activities	15		
Sub-total of cash inflows from investing activities	16		
Cash paid to acquire fixed assets, intangible assets & other long-term assets	17	4,557,595.96	43,668.35
Cash paid to acquire investments	18		
Net cash obtained from subsidiary and other operating entities	19		
Other cash payments relating to investing activities	20		
Sub-total of cash outflows from investing activities	21	4,557,595.96	43,668.35
Net cash flows from investing activities	22	-4,557,595.96	-43,668.35
III.Cash Flows From Financing Activities			
Cash received from capital contribution	23	9,807,677.94	
Cash received from borrowings	24		
Other cash received relating to financing activities	25		
Sub-total cash flows from financing activities	26	9,807,677.94	
Cash repayments of amounts borrowed	27		
Cash payments for interest expenses and distribution of dividends or profit	28		
Other cash payments relating to financing activities	29		
Sub-total cash flows from financing activities	30		
Net cash flows from financing activities	31	9,807,677.94	
IV. Effect Of Foreign Exchange Rate Changes On Cash	32		
V. Net Increase/(Decrease) In Cash And Cash Equivalents	33	3,004,809.03	-1,435,425.32
Add：Cash and cash equivalents at the beginning of the year	34	947,608.77	2,383,034.09
VI.Cash and cash equivalents at the end of the year	35	3,952,417.80	947,608.77

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Statement of Changes in Equity

Year 2021

KQ Form 04

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Currency: Rmb

Items	Notes	Current Year										
		Paid in capital(or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	1,780,182.38									-7,883,010.26	-6,102,827.88
Add:Change in accounting policy	2											
Corrections of prior period errors	3											
Others	4											
II. Opening balance this year	5	1,780,182.38									-7,883,010.26	-6,102,827.88
III. Fluctuation amount this year (decrease expressed with "-")	6	9,807,677.94									-13,095,153.22	-786,562.03
1.Total comprehensive income	7										-13,152,795.39	-13,152,795.39
2.Owners' capital of input and decrease	8	9,807,677.94										9,807,677.94
2.1.Owner of the common shares	9	9,807,677.94										9,807,677.94
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											
2.4.Others	12											
3.Profit distribution	13										57,642.16	57,642.16
3.1.Appropriation of surplus reserve	14											
3.2.Distribution to owners	15											
3.3.Others	16										57,642.16	57,642.16
4.Internal transfer of owners' equity	17											
4.1.Capital surplus to increase capital(or equity capital)	18											
4.2.Surplus reserve to increase capital(or equity capital)	19											
4.3.Surplus reserve making up losses	20											
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22											
IV.Closing balance this year	23	11,587,860.32									-20,978,163.48	-6,889,389.91

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Statement of Changes in Equity
Year 2021

KQ Form 04

Prepared by:Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Currency: Rmb

Items	Notes	Previous Year										
		Paid in capital(or equity capital)	Other equity instruments			Capital surplus	Less: Treasury Stock	Other comprehensive income	Special reserve	Surplus Reserve	Undistributed Profits	Total owner's equity
			Preferred Stock	Perpetual debt	Others							
I. Closing balance last year	1	1,780,182.38									-7,096,448.23	-5,316,265.85
Add:Change in accounting policy	2											
Corrections of prior period errors	3											
Others	4											
II. Opening balance this year	5	1,780,182.38									-7,096,448.23	-5,316,265.85
III. Fluctuation amount this year (decrease expressed with "-")	6										-786,562.03	-786,562.03
1.Total comprehensive income	7										-786,562.03	-786,562.03
2.Owners' capital of input and decrease	8											
2.1.Owner of the common shares	9											
2.2.Holders of other equity instruments invested capital	10											
2.3.Shares included in the owners' equity	11											
2.4.Others	12											
3.Profit distribution	13											
3.1.Appropriation of surplus reserve	14											
3.2.Distribution to owners	15											
3.3.Others	16											
4.Internal transfer of owners' equity	17											
4.1.Capital surplus to increase capital(or equity capital)	18											
4.2.Surplus reserve to increase capital(or equity capital)	19											
4.3.Surplus reserve making up losses	20											
4.4.Setting up benefit plans to transfer retained Income	21											
4.5.Others	22											
IV.Closing balance this year	23	1,780,182.38									-7,883,010.26	-6,102,827.88

Responsible official of enterprise: **Finance employee in charge:** **Principal of Accounting Firm:**

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

Notes to Financial Statements

December 31, 2021

(Unless otherwise specified, the amounts are stated in RMB)

I. Company Background

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd. (hereinafter referred to as the "Company") was established on May 6, 2014 (Uniform Social Credit Code: 91310000088552167H; Type of Company: Limited Liability Company (wholly-owned by foreign legal person); Registered Address: Room 3631, 7th floor, 111 Fengpu Avenue, Fengxian Industrial Zone, Fengxian District, Shanghai; Registered Capital: US$2,200,000; Operation Period: 30 years; Legal Representative: MANOJKUMAR TIRTHRAM ARORA).

The Company's business scope includes photographic production, art photography, general photography library service, photo expansion service, photo processing and other services by computer, photographic equipment, electronic products, digital products, office supplies, daily department stores, handicrafts and gifts (except cultural relics), import and export of metal products, wholesale, commission agent (except for auctions), and relevant supporting services (not involving state-owned trade management commodities, involving quota and license management commodities, the application shall be processed in accordance with the relevant provisions of the State) [Projects subject to approval according to law can only be carried out after approved by relevant departments].

II. Basis of Preparation of the Financial Statements

1. Basis of preparation

Under the assumption of going concern, the Company recognizes and measures the actual events and transactions and prepares the financial statements in accordance with *the Accounting Standards for Business Enterprises*– Basic Standards enacted by the Ministry of Finance, 42 accounting standards, application guidelines and interpretations thereof, other relevant regulations, and the Notice of the Ministry of Finance on Revising and Printing the General Form for the Financial Statements in 2019 (CK [2019] No.6) (hereinafter collectively referred to as the “Accounting Standards for Business Enterprises”).

2. Going concern

The financial statements are presented based on the assumption of going concern. The Company has not engaged in any events or circumstances that challenge the Company’s ability of going concern over the 12 months at the end of the reporting period.

III. Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises, and have given true and complete views on the Company’s financial position as of December 31, 2021, and other information related to operating results and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates of the Company

1. Accounting period

The Company’s accounting year begins on January 1 and ends on December 31 of every Gregorian calendar year. This reporting period ends on December 31, 2021.

2. Business cycle

The normal business cycle refers to the period from the date when the Company purchases the assets for processing to the date when the cash or cash equivalents are realized. The Company counts 12 months as a normal business cycle, and regards the business cycle as the classification criteria of the liquidity of the assets and liabilities.

3. Functional currency

The Company’s functional currency is Chinese Renminbi (“RMB”).

4. Accounting for foreign currency transactions

Any foreign currency transactions are translated into the amounts in the functional currency at the spot exchange rate ruling on the transaction date. On the balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the balance sheet date, and the exchange difference is recorded in the current profit and loss. The non-monetary items denominated in foreign currencies are translated at the spot exchange rate ruling on the transaction date. When the financial statements of overseas operation are translated, the asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date, and the owners' equity item other than the "undistributed profits" item are translated at the spot exchange rate ruling when such items are incurred. The income and expense items in the income statements are translated at the spot exchange rate ruling on the transaction date (or approximate exchange rate). When the Company disposes of the overseas operation, the Company shall carry forward the translation difference of the foreign currency financial statements that is presented under the owners' equity item in the balance sheet and related to such overseas operations to the current profit and loss of the disposal period from the owners' equity item; if the overseas operation is disposed in part, the translation difference of the foreign-currency financial statements in question shall be calculated in proportion to disposal, and carried forward to the current profit and loss.

5. Recognition criteria of cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, cash in bank available for payment at any time, and the Company's short-term and high liquidity investments that are readily convertible into cash of known amounts and have insignificant risks of change in value.

6. Financial instruments

When the Company becomes a party to the financial instrument contracts, a financial asset or financial liability is recognized. The financial assets and the financial liabilities are measured at fair value on initial recognition. The relevant transaction expenses of the financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are directly recorded in profits or losses; the relevant transaction expenses of the other kinds of financial assets and financial liabilities are recorded in the initial recognition amount.

(1) Determination method of the fair value of the financial assets and financial liabilities

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. If the financial instruments have an active market, the Company will determine the fair value of the financial instruments at its quoted price in the active market. The quoted price in the active market is the price that is easily available from the stock exchange, the broker’s agency, the industry association and the pricing service institutions on a regular basis, and represents the actual market price in the arm's length transaction. If the financial instruments do not have an active market, the Company determines the fair value thereof using the valuation techniques. The valuation techniques include reference to the price used by the parties who are familiar with the situations and are willing to enter transactions, current fair value of other substantially equivalent financial instruments, cash flow discounting method and option pricing model.

(2) Classification, recognition and measurement of the financial assets

The financial assets that are purchased or sold conventionally are recognized and derecognized by the trading day. The financial assets are classified into financial assets at FVTPL, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets at FVTPL

The financial assets at FVTPL include the held-for-trading financial assets and the financial assets that are designated at fair value through profit or loss. The Company’s financial assets at FVTPL are held-for-trading financial assets.

The held-for-trading financial assets refer to the financial assets that meet any of the following conditions: A. Such financial assets are acquired primarily for sale in the near future; B. Such financial assets are a part of the identifiable financial instrument combination under centralized management, and there is objective evidence that the Company manages such combination in such way making profits in a short term recently; C. Such financial assets are the derivative instruments, but the derivative instruments that are designated as and are hedging instruments, the derivative instruments that are financial guarantee contracts, and the derivative instruments that are linked with the equity instruments without a quoted price in an active market and reliable fair value and must be settled by delivery of such equity instruments are excluded.

The held-for-trading financial assets are subsequently measured at fair value, and the gains or losses incurred by changes in fair value, and the dividends and interest income related to such financial assets are recognized in the current profit and loss.

The financial assets that meet any of following conditions may be designated as financial assets at FVTPL on initial recognition: A. Such designation may eliminate or significantly reduce inconsistence arising from recognition or measurement of gains or losses incurred by different measurement base of such financial assets; B. In accordance with the formal written documents regarding the risk management or investment strategies of the Company, the financial asset combination or the financial asset and financial liability combination in which such financial assets are incorporated is managed and evaluated at fair value, and reported to the key management.

② Held-to-maturity investments

The held-to-maturity investments are the non-derivative financial assets that have fixed maturity date and fixed or determinable recoverable amount, and the Company has express intention and ability to hold to maturity.

The held-to-maturity investments are subsequently measured at the amortized cost using the effective interest method, and the gains or losses incurred on derecognition, impairment or amortization is recognized in the current profit and loss.

The effective interest method is a method of calculating the amortized cost and interest income or expenditure of a financial asset or financial liability (including a group of financial assets or financial liabilities) at its effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash flows of the financial assets or financial liabilities through the expected life or where appropriate, a shorter period, to the current carrying amount of such financial assets or financial liabilities.

In calculation of the effective interest rate, the Company will estimate the future cash flows (excluding the future credit losses) by taking into account all contract terms and conditions of the financial assets or financial liabilities, and charges, transaction expenses and discount or premium that is paid or received to and from parties to the financial asset or financial liability contracts, and is a part of the effective interest rate.

③ Loans and receivables

The loans and receivables are the non-derivative financial assets that are not quoted in the active market, but have fixed or determinable receivable amount. The Company classifies the loans and receivable as notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

The loans and receivables are subsequently measured at the amortized cost using the effective interest method, and the gains or losses incurred on derecognition, impairment or amortization is recognized in the current profit and loss.

④ Available-for-sale financial assets

The available-for-sale financial assets include the non-derivative financial assets that are designated available for sale on initial recognition, and the financial assets other than the financial assets at FVTPL, loans and receivables, and held-to-maturity investments.

The closing costs of the available-for-sale debt instrument investments are determined at the amortized cost, that is, the initial recognition amount net of the repaid principal, plus or less the accumulative amortized amount incurred by amortizing the difference between such initial recognition amount and the amount on the maturity date using the effective interest method, and net of the incurred impairment losses. The closing costs of the available-for-sale equity instrument investments are the initial acquisition costs.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses incurred by changes in fair value are recognized as other comprehensive income, and reversed through profit or loss when such financial assets are derecognized, except that the impairment loss, and exchange difference related to monetary financial assets denominated in foreign currencies and amortized cost are credited in the current profit and loss. However, the equity instrument investments that do not have quoted price in an active market and reliable fair value, and the derivative financial assets that are linked with such equity instruments and must be settled by delivery of such equity instruments are subsequently measured at cost.

Interest accrued on the available-for-sale financial assets during the holding period of such financial assets and the cash dividends announced to be paid by the investee are recognized in the investment income.

(3) Impairment of the financial assets

The Company assesses the carrying amounts of the financial assets other than the financial assets at FVTPL on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision is calculated.

The Company tests the financial assets of single significant amounts for impairment separately; the financial assets of insignificant single amount are tested for impairment separately or are incorporated in the financial asset combination of similar credit risk features for impairment test. The financial assets that have not been impaired upon individual test (including financial assets of significant and insignificant single amounts) are incorporated in the financial asset combination of similar credit risk features for further impairment test. The financial assets of which the impairment loss has been recognized separately are not incorporated in the financial asset combination of similar credit risk features for impairment test.

① Impairment of held-to-maturity investments, and loans and receivables

The carrying amounts of the financial assets that are measured at cost or at the amortized cost are reduced to the present value of the estimated future cash flows, and the reduced amount is recognized as the impairment loss through profit or loss. After the impairment loss is recognized, if there is objective evidence that the value of such financial assets has been recovered, and such recovery is objectively related to the events that take place upon recognition of such losses, the previously recognized impairment loss is reserved, to the extent that the carrying amount of the financial assets after impairment loss is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

② Impairment of the available-for-sale financial assets

When the Company judges that the falling in the fair value of the available-for-sale equity instrument investments is significant or not temporary by taking into account the relevant factors, the available-for-sale equity instrument investments are impaired.

When the available-for-sale financial assets are impaired, the accumulated losses incurred by falling of the fair value that are previously included in other comprehensive income are reversed through profit or loss. Such reversed accumulated losses are the balance of the initial acquisition costs of such assets net of the recovered principal, the amortized amounts, the current fair value and the impairment losses that are previously included in the profit and loss.

After the impairment loss is recognized, if, subsequently, there is objective evidence that the value of such financial assets has been recovered, and such recovery is objectively related to the events that take place upon recognition of such losses, the previously recognized impairment loss is reversed. The impairment losses of the available-for-sale equity instrument investments are reversed and recognized as other comprehensive income, and the impairment losses of the available-for-sale debt instruments are reversed through profit or loss.

The impairment losses of the equity instrument investments that do not have quoted price in the active market and reliable fair value, and the impairment losses of the derivative financial assets that are linked with such equity instruments and must be settled by delivery of such equity instruments are not reversed.

(4) Recognition basis and measurement methods for transfer of the financial assets

The financial assets are derecognized when any of the following conditions are met: ① the contractual rights to receive the cash flows of such financial assets are terminated; ② such financial assets have been transferred, and substantially all the risks and rewards of ownership of the financial assets are transferred to the transferee; or ③ such financial assets have been transferred, but the Company has waived control on such financial assets even though the Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial assets.

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, nor waived control on such financial assets, then, the relevant financial assets are recognized to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities are recognized accordingly. Continuous involvement in the transferred financial assets refers to the risk exposure caused to the Company by changes in values of such financial assets.

When overall transfer of the financial assets meet the derecognition conditions, the difference between the carrying amount of the transferred financial assets and the sum of consideration paid for consideration and accumulative changes in fair value that are previously recognized in other comprehensive income is recognized in the current profit and loss.

When partial transfer of financial assets meets the derecognition conditions, the carrying amounts of the transferred assets are amortized to the derecognized financial assets and non-derecognized financial assets at their relative fair values, and the difference between the sum of the consideration paid for transfer and the accumulative changes in fair value that is previously recognized in other comprehensive income and should be amortized to the derecognized financial assets, and the aforesaid carrying amounts is credited in the current profit and loss.

When the Company transfers the financial assets that are sold by attaching the right of recourse, or the endorsed financial assets, the Company shall confirm that substantially all the risks and rewards of the ownership of such financial assets have been transferred. If substantially all the risks and rewards of the ownership of such financial assets have been transferred to the transferee, such financial assets are derecognized; if substantially all the risks and rewards of the ownership of the financial assets are retained, such financial assets are not derecognized; if the Company has neither transferred nor retained substantially all the risks and rewards of the ownership of the financial assets, then, the Company shall judge whether to retain control over such assets, and conduct accounting treatment on the principles as set out in the foregoing paragraphs.

(5) Classification and measurement of the financial liabilities

The financial liabilities are classified as financial liabilities at FVTPL and other financial assets on initial recognition. The financial liabilities are initially measured at fair value. The relevant transaction expenses of the financial liabilities at FVTPL are directly recognized in the current profit and loss; the relevant transaction expenses of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities at FVTPL

The conditions and classification of the held-for-trading financial liabilities and the financial liabilities designated at FVTPL on initial recognition are consistent with the conditions of the held-for-trading financial assets and the financial asset designated at FVTPL on initial recognition.

The financial liabilities are subsequently measured at fair value, and gains or losses incurred by changes in fair value, and the dividends and interest expenditures related to such financial liabilities are recognized in the current profit and loss.

② Other financial liabilities

The derivative finance liabilities that are linked with the equity instruments that are not quoted in an active market and whose fair value cannot be measured reliably, and must be settled by delivery of such equity instruments are subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and gains or losses arising from derecognition or amortization is recognized in the current profit and loss.

③ Financial guarantee contracts

The financial guarantee contracts that are not the financial liabilities designated at fair value through profit or loss, are initially recognized at fair value, and subsequently measured at the higher of the amount determined according to the Accounting Standards for Business Standards No.13- Contingencies upon initial recognition or the initial recognition amount net of the accumulated amortized amounts determined on the principles under the Accounting Standards for Business Enterprises No.14- Income.

④ Loan commitments

The loan commitments that are not designated at fair value through profit or loss and have interest rate lower than the market interest rate are initially recognized at fair value, and subsequently measured at the higher of the amount determined according to the Accounting Standards for Business Standards No.13- Contingencies upon initial recognition or the initial recognition amount net of the accumulated amortized amounts determined on the principles under the Accounting Standards for Business Enterprises No.14- Income.

(6) Derecognition of the financial liabilities

If the present obligations of the financial liabilities have been cancelled in whole or part, such financial liabilities or a part thereof could be derecognized. If the Company (debtor) and the creditor sign an agreement, in which, the existing financial liabilities are replaced by the new financial liabilities, and the contract terms and conditions of the new financial liabilities are substantially different from that of the existing financial liabilities; the existing financial liabilities are derecognized, and the new financial liabilities are recognized at the same time.

If the financial liabilities are derecognized in whole or part, the difference between the carrying amounts of the derecognized financial liabilities and the consideration payment (including transfer-out non-cash assets or assumed new financial liabilities) is recognized in the current profit and loss.

(7) Derivative instruments and embedded derivative instruments

The derivative instruments are initially measured at fair value ruling on the date when the relevant contracts are signed, and are subsequently measured at fair value. The changes in fair value of the other derivative instruments are recognized in the current profit and loss.

If the hybrid instruments containing the embedded derivative instruments have not been designated as financial assets or financial liabilities at FVTPL; the embedded instruments are not closely related to such master contracts in terms of economic features and risks, and have the same conditions with the embedded derivative instruments, and the separate instrument conforms to the definition of derivative instrument, the embedded derivative instruments are separated from hybrid instruments, and recognized as separate derivative financial instruments. If it is impossible to separately measure the embedded derivative instruments on acquisition or subsequent balance sheet date, then the hybrid instrument is designated as financial asset or financial liability at FVTPL in the whole.

If the hybrid instruments have been separated on initial recognition, to the extent that the contract terms and conditions of the hybrid instruments are changed, and such changes have material impact on the original contractual cash flows of the hybrid instruments, then the Company shall re-evaluate whether the embedded derivative instruments should be separated.

(8) Offset of financial assets and financial liabilities

When the Company has the statutory rights to offset the recognized financial assets and financial liabilities, and such statutory rights are enforceable at present, to the extent that the Company plans to settle or realize such financial assets at net amount and discharge such financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet at the amounts upon offset. Otherwise, the financial assets and financial liabilities are presented in the balance sheet respectively without mutual offset.

(9) Equity instruments

The equity instrument is any contract that evidences a residual interest in the assets of the Company after deduction of all of its liabilities. The Company's issuance (including re-financing), repurchase, sale or cancellation of the equity instruments is recognized as changes in equity. The Company does not recognize the changes in fair value of the equity instruments. The transaction expenses related to equity transactions are deducted from the equity.

Allocations (excluding share dividends) made by the Company to the equity instrument holders eliminate the shareholders' equity. The Company does not recognize the changes in fair value of the equity instruments.

7. Receivables

The receivables include the accounts receivables and other receivables.

(1) Recognition criteria of bad debt reserves

The Company assesses the carrying amounts of the accounts receivable on the balance sheet date. Impairment provision is calculated if there is evidence that the accounts receivable are impaired as follows: ①The debtor has serious financial difficulty; ②The debtor violates the contract terms and conditions (e.g. default or overdue payment of interest or principal); ③The debtor is likely to be closed down or engages in other financial restructuring; ④There is other evidence that the accounts receivable are impaired.

(2) Calculation method of bad debt reserves

① Calculation method of accounts receivable of significant single amount and single bad debt reserves: the accounts receivable of significant single amount are individually tested for impairment. If there is evidence that the accounts receivable are impaired, the bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount.

If the accounts receivable of significant single amount have not been impaired upon separate test, the bad debt reserves are calculated in combination.

② Accounts receivable of insignificant single amount and single bad debt reserves

Reasons for single calculation of bad debt reserves	Accounts receivable involved in proceedings, and worsened credit status
Calculation method of bad debt reserves	The bad debt reserves are calculated at the difference between the present value of their future cash flows and their carrying amount

③ Accounts receivable with bad debt reserves calculated in combination

In respect of the accounts receivable that have not been impaired upon separate test (including accounts receivable of significant and insignificant single amounts), and the accounts receivables that have not been tested separately and have insignificant amount, the bad debt reserves are calculated in the combination of the following credit risk features:

Type of combination	Determination basis of combination	Calculation method of bad debt reserves in combination
Aging combination	Aging status	Aging analysis method

8. Inventories

(1) Classification of inventories: the inventories include raw materials, goods in process and self-made semi-finished, revolving materials, finished products and merchandise inventories.

(2) Valuation method of the acquired and delivered inventories: the inventories are measured at actual costs on acquisition. The costs of the inventories include the purchase costs, the processing costs and other costs. The received and delivered inventories are accounted for and measured based on the FIFO method/ weighted average method/ specific identification method/ planned cost; the difference between the planned cost and the actual cost is measured as the cost difference item; the cost difference of the delivered inventories will be carried over as scheduled, and the planned costs are adjusted as the actual cost.

(3) Recognition of the net realizable value of the inventories, and calculation method of the inventory falling price reserves.

The net realizable value is the estimated selling price of the inventories in the ordinary course of business, net of the estimated costs to be incurred before completion, estimated marketing expenses and relevant taxes. The net realizable value of the inventories is determined based on the concrete evidence by taking into account the purpose for which the inventories are held and the influence of the matters after the balance sheet date.

On the balance sheet date, the inventories are measured at the lower of the cost and the net realizable value. When the net realizable value is lower than the cost, the inventory falling price reserves are calculated. The inventory falling price reserves are calculated at the difference of the costs of the single inventory item over its net realizable value.

After the inventory falling price reserves are calculated, if factors affecting the previously reduced inventory value have disappeared, as a result of which, the net realizable value of the inventories exceeds their carrying amounts, the falling price reserves are reversed at the previously calculated amount, and the reversed amount is recognized in the current profit and loss.

(4) The low-value consumables and the packaging materials are amortized using the one-off write-off method.

(5) On the balance sheet date, the Company shall measure the inventories at the lower of the cost of a single inventory item and the net realizable value. The inventory falling price reserves are calculated at the difference between the net realizable value and the inventory cost, and recognized in the current profit and loss. The net realizable value is determined at the estimated selling price in the normal business course, net of the estimated costs to be incurred before completion, the marketing expenses and the relevant taxes.

(6) The inventories are subject to perpetual inventory system.

9. Long-term equity investments

For the purpose of this section, the long-term equity investments refer to the long-term equity investments through which the Company has control, common control or significant influence on the investee. The long-term equity investments through which the Company does not have control, common control or significant influence are recognized as the available-for-sale financial assets or the financial assets at FVTPL. See Note IV. 6 “Financial instruments” for the accounting policies in detail.

Common control refers to the Company’s control over certain arrangements in accordance with the relevant contracts, and the decisions on the related activities of such arrangements must be agreed by the participants of the control power. Significant influence is recognized when the Company has the power to participate in deciding the financial and operation policies of the investee, but does not control or jointly control with others formulation of these policies.

(1) Initial measurement of the long-term equity investments

① In respect of the business merger under common control, the carrying amounts of the owners’ equity acquired from the merged party on the date of merger are the initial investment costs of the long-term equity investments. The difference between the initial investment costs of the long-term equity investments, and the carrying amounts of the cash payments, the transferred non-cash assets and the incurred liabilities eliminates the capital reserves; if the capital reserves are insufficient for offset, the retained earnings are adjusted. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

② In respect of the business merger under non-common control, the initial investment costs are the sum of the assets and liabilities paid and incurred or assumed by the acquirer, and the fair value of the equity securities issued by the acquirer. The direct relevant expenses incurred by merger are recognized in the current overhead expenses.

③ Long-term equity investments acquired by other means. The initial investment costs of the long-term equity investments acquired by cash payments are the actually paid purchase price; the initial investment costs of the long-term equity investments acquired by issuing the equity securities are the fair values of the issued equity securities; as to the long-term equity investments made by the investors, the initial investment cost is the value set out in the investment contract or agreement (deduction of the outstanding cash dividends or profits that have been announced), except that the value under the contract or agreement is unfair; to the extent that the non-monetary asset swap is of the business essential and the fair values of the swap-in assets or the swap-out assets can be measured reliably, the initial investment costs of the long-term equity investments arising from swap of the non-monetary assets are determined at the fair values of the swap-out assets, unless there is concrete evidence that the fair value of the swap-in asset is more reliable. In respect of the non-monetary asset swap that is inconsistent with the foregoing preconditions, the initial investment costs of the long-term equity investments equal to the carrying amounts of the swap-out assets and the payable taxes; in respect of the long-term equity investments arising from debt restructuring, the initial investment costs are determined at their fair values.

(2) Subsequent measurement of the long-term equity investments

① The long-term equity investments in the subsidiaries are measured using the cost method.

② The long-term equity investments that do not exert common control or significant influence on the investee, and do not have a quoted price in an active market, and reliable fair value are measured using the cost method.

③ The long-term equity investments that exert common control or significant influence on the investee are measured using the equity method.

④ The long-term equity investments that are subject to accounting under the cost method should be measured at the initial investment cost. The additional or returned investments shall eliminate the costs of the long-term equity investments. The cash dividends or profits announced to be distributed by the investee are recognized as the current investment income, whether the distribution of the relevant profits is the distribution of the net profits realized by the investee before or after investment.

⑤ As to the long-term equity investments under the equity method, if the initial investment costs exceed the fair value of the net identifiable assets of the investee at the time of investment, the initial investment costs of the long-term equity investments are not adjusted; if the initial investment costs are lower than the fair value of the net identifiable assets of the investee at the time of investment, the resulting difference should be recognized in the current profit and loss, and the costs of the long-term equity investments shall be adjusted at the same time. After the investor acquires the long-term equity investments, the investor shall recognize the investment gains or losses and adjust the carrying amounts of the long-term equity investments at the amounts of the net profits or losses to be shared or assumed in the investee. The investor accordingly reduces the carrying amounts of the long-term equity investments in proportion of the profits or cash dividends announced by the investee.

⑥ As to the long-term equity investments under the equity method, when the investor recognizes the net losses accrued in the investee, the carrying amounts of the long-term equity investments and other long-term equity that substantially constitutes net investments in the investee shall be written down to zero, except that the investor is obligated for the additional losses. If the investee realizes net profits subsequently, after the Company recovers the unrecognized losses with the gains sharing, the gains sharing is recognized upon recovery.

⑦ In respect of the long-term equity investments under the equity method, the investor shall adjust the carrying amounts of the long-term equity investments in connection with the changes to the owners' equity other than the net profits and losses of the investee, and recognize such changes in the owners' equity.

(3) Conversion and disposal of the long-term equity investments

When the long-term equity investments are disposed, the difference between their carrying amounts and the actual price payment shall be recognized in the current profit and loss. Under the equity method, the long-term equity investments which are recognized in the owners' equity due to other changes in the owners' equity apart from net profits and losses of the investee should be reversed through profit or loss at the corresponding proportion when such investments are disposed.

10. Fixed assets

Fixed assets refer to the tangible assets that are held for the purposes of commodity production, labor service rendering, lease and operation management, and have useful lives of more than one year.

(1) Initial measurement of the fixed assets

① The costs of the purchased fixed asset include the purchase price, the relevant taxes, and the transportation costs, the handling charges, the installation costs and the professional service fees incurred before the fixed assets are ready for their intended use.

② If payment for the purchase price of the fixed assets is delayed beyond the normal credit conditions, and is substantially of financing nature, the costs of the fixed assets are determined at the present value of the purchase price.

③ The costs of the self-built fixed assets are composed of the necessary expenditures incurred before such assets are ready for their intended use.

④ As to the fixed assets acquired by the debtors in the debt restructuring for debt repayment, their entry value is determined at their fair value, and the difference between the carrying amounts of the restructured debts and the fair value of such fixed assets for debt repayment is recognized in the current profit and loss;

(2) Subsequent measurement of the fixed assets

① Depreciation method of the fixed assets: from the next month after the fixed assets are ready for their intended use, the depreciation of the fixed assets is calculated using the straight-line method over the useful lives. The useful lives, estimated net residual values and the annual depreciation rates of the fixed assets are as follows:

Type of asset	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Office furniture	3 years	0.00	33.33
Electronic equipment	3 years	0.00	33.33

② If the subsequent expenditures of the fixed assets meet the fixed asset recognition conditions, such expenditures shall be recognized in the costs of the fixed assets, and the carrying amounts of the replaced fixed assets shall be deducted at the same time; if the fixed asset recognition conditions are not met, such expenditures shall be recognized in the current profit and loss.

③ The fixed assets of the Company should be measured at the lower of the carrying amount and the recoverable amount at the end of the period. If the recoverable amount is lower than the carrying amount, the impairment provision of the fixed assets shall be calculated at the difference thereof. The impairment test method and the impairment provision calculation method of the fixed assets are set out in the Note IV. 14 “Impairment of long-term assets”.

(3) Disposal of the fixed assets

The proceeds from sale, transfer, retirement or disposal of the fixed assets, net of their carrying amounts and the relevant taxes, are recognized in the non-operating income or proceeds from disposal of assets

11. Construction in process

The costs of the Company’s construction in process are determined based on the actual expenditures.

When the construction in process is ready for the intended use, the construction in process is converted into the fixed assets at the actual engineering costs, and depreciation is calculated from the next month. If the completion settlement has not been conducted, the construction in process is converted into the fixed assets at the estimated value, and adjustment is made after the actual value is determined.

12. Intangible assets

(1) Initial measurement of the intangible assets

① The costs of the purchased intangible assets include the purchase price, the relevant taxes and other expenditures directly attributable to such assets before such assets are ready for their intended use.

② Intangible assets from the investors. The costs of the intangible assets from the investors shall be determined at the amount as set out in the investment contracts or agreements. If the amount under the investment contracts or agreements is unfair, the initial costs shall be the fair value of the intangible assets.

③ The acquired land use rights are generally recognized as intangible assets. As to the self-built plants and buildings, the relevant land use right expenditures and the construction costs of the buildings are recognized as intangible assets and fixed assets respectively. In case of acquired houses and buildings, then the relevant prices are allocated between the land use rights and the buildings. If it is hard to make allocation, all prices shall be recognized as the fixed assets.

(2) Subsequent measurement of the intangible assets

The amortized amounts of the intangible assets of limited useful lives shall be systematically and reasonably amortized over the useful lives in the anticipated realization manner of the economic benefits related to such intangible assets. If it is impossible to determine the anticipated realization manner, the intangible assets shall be amortized using the straight-line method.

The Company will test the intangible assets of indefinite useful life for impairment during each accounting period. If, upon impairment test, the intangible assets are impaired, then the corresponding impairment provisions shall be calculated.

(3) Disposal of the intangible assets

When the intangible assets are sold, the difference between the proceeds from sale and the carrying amounts of such intangible assets is recognized in the current profit and loss.

(4) Research and development ("R&D") expenditures

The Company's expenditures for the internal R&D projects are composed of the expenditures at the research stage and the expenditures at the development stage.

The expenditures at the research stage are recognized as current profit and loss when it's occurred.

The expenditures at the development stage are recognized as intangible assets when the following conditions are met. The expenditures at the development stage that are inconsistent with the following conditions are recognized in the current profit and loss:

① Such intangible assets are completed, so that it is technologically feasible to use or sell such intangible assets;

② The Company has intention to complete and use or sell such intangible assets;

③ The economic benefit generating mode of the intangible assets includes proving that the products made of such intangibles are marketable or the intangible assets have a market; if the intangible assets are used internally, the availability could be proved;

④ There are sufficient technological and financial resources and other resources to support development of such intangible assets, and the Company has ability to use or sell such intangible assets;

⑤ The expenditures of such intangible assets at the development stage can be measured reliably.

If the expenditures at the research stage and the expenditures at the development stage cannot be distinguished, the incurred R&D expenditures are recognized in the current profit and loss in full.

(5) The impairment test method and the impairment provision calculation method of the intangible assets.

The impairment test method and the impairment provision calculation method of the intangible assets are set out in the Note IV. 14 “Impairment of long-term assets”.

13. Long-term prepaid expenses

The long-term prepaid expenses are the expenses that have been incurred but shall be allocated to the reporting period and the subsequent periods which should be more than one year. The Company’s long-term prepaid expenses mainly include the overhauling expenditures of the fixed assets and the improvement expenditures of the leased fixed assets. The long-term prepaid expenses are amortized over the estimated benefit period using the straight-line method.

(1) The overhauling expenses in the deferred manner shall be amortized at average before the next overhauling; the improvement expenditures of the leased fixed assets shall be amortized at average over the lease term or the remaining useful lives of the leased assets, whichever is shorter; other long-term deferred expenses are amortized at average over the benefit period.

(2) The formation expenses incurred during the preparation period (other than acquisition of the fixed assets) are accrued in the long-term deferred expenses initially, and subsequently recognized in the profit and loss in lump sum in the month when the production and operation is commenced.

14. Impairment of the long-term assets

As to the fixed assets, the construction in process, the intangible assets of limited useful lives, the investment real estate measured at cost basis, the long-term equity investments in the subsidiaries, joint venture and associated enterprises, and other non-current non-financial assets, the Company judges whether there is impairment sign on the balance sheet date. If there is impairment sign, then their recoverable amount is estimated, and the impairment test is performed. The goodwill, the intangible assets of indefinite useful lives, and the intangible assets that have not been ready for intended use are tested for impairment every year whether there is impairment sign or not.

If the impairment test results indicate that the recoverable amount of the assets is lower than their carrying amounts, the impairment provision is calculated at the resulting difference, and the difference is recognized in the impairment loss. The recoverable amount is the higher of the fair value of an asset net of the disposal expenses, and the present value of the estimated future cash flows of such asset. The fair value of an asset is determined at the price under the sales agreement in the arm’s length transaction; if there is no sales agreement but there is active market, the fair value is determined at the purchase price of the buyer of such assets; in absence of both the sales agreement and the active market, the fair value of the asset may be estimated based on the best available information. The disposal expenses include the legal costs, the relevant taxes and the handling costs related to disposal of the assets, and the direct expenses incurred before such asset is ready for its intended use. The present value of the estimated future cash flows of the assets is determined by discounting the estimated future cash flows of the assets in the process of continuous use and final disposal at the appropriate discount rate. The asset impairment provision is calculated and determined based on the single asset. If it is hard to estimate the recoverable amount of the single asset, the recoverable amount of the asset group in which such asset is incorporated is determined. The asset group is the minimum asset combination that can independently generate cash inflows.

For goodwill which listed independently in the financial statements, the book values hall be amortized to the asset group or the asset group combination that are expected to benefit from the synergies of the business combination during the impairment test. If the test results indicate that the recoverable amount of the asset group or the asset group combination which involves the amortized goodwill is lower than the book value, the corresponding impairment loss is recognized. The impairment loss firstly eliminates the book value of the goodwill amortized to this asset group or the asset group combination, and then eliminates the book value of other assets in proportion to the book value of other assets other than goodwill in the asset group or the asset group combination.

Once the aforesaid asset impairment losses are recognized, the recovered value shall not be reversed during the subsequent periods.

15. Employee remuneration

The employee remuneration mainly includes short-term remuneration, post-separation benefits, dismissal benefits and other long-term employee benefits.

The short-term remuneration mainly includes salary, bonus, allowances and subsidies, employee welfare expenses, medical insurance, maternity insurance, work related injury insurance, housing provident fund, trade union dues and employee education funds, and non-monetary benefits. The Company recognizes short-term remuneration payable during the accounting period when the employees offer services as liabilities, and records such remuneration in the current profit and loss or the costs of the relevant assets. The non-monetary benefits are measured at their fair values.

The post-separation benefits mainly include basic pension insurance, unemployment insurance and annuity payment, etc. The post-separation benefit plans include the defined contribution plan. If the defined contribution plan is used, the corresponding payable amounts are recognized in the costs of the relevant assets or the current profit and loss.

If the Company terminates employment before the labor contract expires, or gives compensations to the employee to encourage them to accept termination voluntarily, the employee remuneration liabilities incurred by way of dismissal benefits are recognized through profit or loss when the Company is unable to withdraw the dismissal benefits given for termination of the labor relationship or downsizing proposal unilaterally, or the Company recognizes the costs of the restructuring involving payment of the dismissal benefits, whichever is earlier. However, if it is anticipated that the dismissal benefits cannot be paid in full in 12 months after the end of the annual report, the dismissal benefits are recognized as other long-term employee remunerations.

The employee internal retirement plan is subject to the same principles of the aforesaid dismissal benefits. The Company recognizes the salaries and the social insurance expenses for the internally retired personnel from the date when they stop providing services to the regular retirement date in the current profit and loss (dismissal benefits) when the recognition conditions of the estimated liabilities are met.

If other long-term employee benefits provided by the Company to the employees are consistent with the defined contribution plan, the accounting treatment is in accordance with the defined contribution plan. For all other cases, the accounting treatment is in accordance with the defined benefit plan.

16. Borrowing expenses

(1) Recognition principles of borrowing expenses

Any borrowing expenses incurred by the Company that are directly attributable to acquisition, construction or production of qualifying assets are capitalized and added to the costs of those assets; other borrowing expenses are recognized as expenditures through profit or loss when they arise.

The assets qualified for capitalization refer to fixed assets, investment real estate and inventories which may require a substantial period of time for acquisition, construction or production activities to get ready for their intended use or sale.

(2) Capitalization period of the borrowing expenses

① Commencement of capitalization: The capitalized interest on specific loans, the discount or premium and the exchange difference will start to be amortized when the following conditions are met: 1) The capital expenditures have been incurred; 2) The borrowing expenses have been incurred; and 3) The necessary acquisition and construction activities to get the assets ready for their intended use have been started.

② Suspension of capitalization: If the acquisition and construction activities of the fixed assets are abnormally interrupted, and the interruption exceeds 3 months or more, capitalization of the borrowing expenses is suspended, and is recognized as current expenses until the acquisition and construction activities of the assets are restarted.

③ Stopping of capitalization: When the acquired and constructed fixed assets are ready for their intended use, capitalization of the borrowing expenses is stopped.

(3) Determination of the capitalized amount of the loan interest

① If the loans are especially used for acquisition, construction or production of the qualifying assets, the capitalized amount shall be determined at the actual interest expenses of the specific loans, net of the interest income from deposit of the unused loans in the bank or the investment income from temporary investments of the loans.

② If the general loans are used for acquisition, construction or production of the qualifying assets, the company shall calculate and determine the interest amounts of the general loans that should be capitalized at the product of the excess of the accumulated asset expenditures over the weighted asset expenditure means of the special loans multiplied by the capitalization rate of the general loans.

(4) Treatment of foreign currency loans

During the capitalization period, the exchange difference of the principal and interest of the specific loans denominated in foreign currencies shall be capitalized. The exchange difference arising from the principal and interest of other foreign currency loans other than the specific loans denominated in foreign currencies shall be recognized in the financial expenses through profit or loss.

17. Income

If the contracts between the Company and the customers meet the following conditions, the Company shall recognize the income when the customers acquire control over the relevant commodities:

(1) Parties to the contracts have approved such contracts, and promise to fulfill their respective obligations;

(2) Such contracts expressly set forth the relevant rights and obligations of the parties to the contracts in connection with the transferred commodities or the provided labor services (hereinafter referred to as the “transferred commodities”);

(3) Such contracts expressly set forth the payment terms related to the transferred commodities;

(4) Such contracts have business substance, that is, fulfillment of such contracts will change the risks, time distribution or amount of the future cash flows of the Company;

(5) The consideration that the Company has the right to receive from the customers in connection with the transferred commodities is likely recoverable.

18. Government subsidies

The government subsidies are the monetary assets or the non-monetary assets received by the Company from the governments at no cost, but exclude capital invested by the government as an investor with entitlement in the corresponding owners' equity. The government subsidies are composed of asset related government subsidies and income related government subsidies.

If the government subsidies are monetary assets, such subsidies are measured at the received or receivable amount. If the government subsidies are non-monetary assets, such subsidies are measured at fair value. If the fair value is unreliable, the subsidies are measured at nominal amount. The government subsidies measured at nominal amount are directly recognized in current profit and loss.

The government subsidies related to assets are recognized as deferred income, and allocated through profit or loss at average over the useful lives of the relevant assets. The income related government subsidies are subject to the following accounting as appropriate:

① The income-related government subsidies are recognized as deferred income if such subsidies are used for repaying the relevant expenses and losses during the subsequent periods, and recorded in current profit and loss during the period when the relevant expenses are recognized;

② If the income related government subsidies are used for repaying the relevant expenses and losses that have been incurred, such subsidies are directly recorded in current profit and loss.

The government subsidies related to both assets and income shall be subject to accounting treatment separately if such government subsidies could be distinguished. If it is hard to distinguish the asset related government subsidies and the income related government subsidies, such government subsidies are classified as the income related government subsidies as a whole.

The government subsidies related to daily activities of the Company are included in other income or to be offset against relevant costs and expenses based on the substance of the economic business; the government subsidies not related to daily activities are included in the non-operating revenue and expenditures.

19. Accounting method of corporate income tax

Corporate income tax is accounted for under the Balance sheet liability method. The income tax payable calculated during the current period is recognized as the current income tax expenses.

Settlement method: prepaid on a quarterly basis, and finally settled at the end of the year.

V. Changes to Significant Accounting Policies and Accounting Estimates, and Correction of Significant Accounting Errors

1. Changes to accounting policies

During the reporting period, the Company has not made any changes to accounting policies.

2. Changes to accounting estimates

During the reporting period, the Company has not made any changes to accounting estimates.

3. Significant accounting errors

During the reporting period, there were no significant accounting errors identified by the Company.

VI. Taxes

1. Main tax items and tax rates:

Tax item	Taxation Basis	Tax rate
Value added tax	Revenue from Tax basis	6%/13%
Urban cOthernstruction tax	The circulation tax	7%
Educational surtax	The circulation tax	3%
Local educational surtax	The circulation tax	2%
Corporate income tax	Taxable income	25%
Individual income tax	---	---

VII. Notes on Main Items in Accounting Statements

1. Cash

Item	Year-closing balance	Year-opening balance
Cash on hand	10,032.03	5,525.04
Cash in bank	3,942,385.77	942,083.73
Total	3,952,417.80	947,608.77

2. Accounts receivable

① Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves (Percentage)	Amount	Percentage	Bad debt reserves (Percentage)
Within 1 year	7,532,565.64	100.00%	0.00	775,154.52	100.00%	0.00
Total	7,532,565.64	100.00%	0.00	775,154.52	100.00%	0.00

② Details of the debtors

Name of Company	Year-closing balance	Percentage in accounts receivable	Aging
UBR - Hounds Impound	1,024,876.36	13.61%	Within 1 year
SHDR- Carefree Corner	835,444.77	11.09%	Within 1 year
SHDR- Meet Mickey	593,599.59	7.88%	Within 1 year
UBR - HP Forbidden Journey	589,263.90	7.82%	Within 1 year
UBR - Minion	538,242.29	7.15%	Within 1 year
Total	3,581,426.91	47.55%	---

3. Prepayments

(1) Aging analysis

Aging	Year-closing balance		Year-opening balance	
	Amount	Bad debt reserves(Percentage)	Amount	Bad debt reserves(Percentage)
Within 1 year	683,621.36	100.00%	57,242.27	100.00%
Total	683,621.36	100.00%	57,242.27	100.00%

4. Others receivables

Item	Year-closing balance	Year-opening balance
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Others receivables	1,737,930.20	42,200.00
Total	1,737,930.20	42,200.00

(1) Others receivables

① Aging analysis

Aging	Year-closing balance			Year-opening balance		
	Amount	Percentage	Bad debt reserves	Amount	Percentage	Bad debt reserves
Within 1 year	1,737,930.20	100.00%	0.00	0.00	0.00%	0.00
1-2 years	0.00	0.00%	0.00	0.00	0.00%	0.00
2-3 years	0.00	0.00%	0.00	42,200.00	100.00%	0.00
Total	1,737,930.20	100.00%	0.00	42,200.00	100.00%	0.00

② Details of the debtors

Name of Company	Year-closing balance	Percentage in others receivables	Aging
Accounts Receivable Control	1,495,170.20	86.03%	Within 1 year
Rental Deposits	222,760.00	12.82%	Within 1 year
Total	1,717,930.20	98.85%	---

5. Inventories

Item	Year-closing balance		Year-opening balance	
	Carrying balance	Falling price reserve	Carrying balance	Falling price reserve
Merchandise inventories	3,509,949.28	0.00	764,483.11	0.00
Total	3,509,949.28	0.00	764,483.11	0.00

6. Fixed assets

Type	Year-closing balance	Year-opening balance
Fixed assets	4,934,630.51	1,034,944.26
Fixed assets to be disposed of	0.00	0.00
Total	4,934,630.51	1,034,944.26

(1) Fixed assets

Type	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
Original value of fixed assets	---	---	---	---
Machinery equipment	264,323.42	367,834.46	0.00	632,157.88
Electronic equipment	1,947,466.75	4,189,761.50	0.00	6,137,228.25
Total	2,211,790.17	4,557,595.96	0.00	6,769,386.13
Accumulated depreciation	---	---	---	---

Machinery equipment	90,437.19	38,527.88	0.00	128,965.07
Electronic equipment	1,086,408.72	619,381.83	0.00	1,705,790.55
Total	1,176,845.91	657,909.71	0.00	1,834,755.62
Net value	1,034,944.26	---	---	4,934,630.51

7. Construction in Process

Type	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
Capital WIP	19,858.35	5,379.74	0.00	25,238.09
Total	19,858.35	5,379.74	0.00	25,238.09

8. Short-term borrowing

Item	Year-closing balance	Year-opening balance
Credit borrowing	5,326,909.04	0.00
Total	5,326,909.04	0.00

9. Accounts payable

① Aging analysis:

Aging	Year-closing balance	
	Amount	Percentage
Within 180 Days	1,606,939.07	10.00%
Above 180 Days	14,458,312.23	90.00%
Total	16,065,251.30	100.00%

② Details of creditors:

Name of Company	Year-closing balance	Percentage in

		accounts payable
Digiphoto Hong kong	8,930,393.64	55.59%
Digiphoto Singapore	4,723,188.36	29.40%
Total	13,653,582.00	84.99%

10. Taxes and dues payable

Item	Year-closing balance	Year-opening balance
Value-added Tax	-360,433.00	-307,660.43
Withholding Tax - Salary	3,337	0.00
Total	-357,096.41	-307,660.43

11. Others payables

Item	Year-closing balance	Year-opening balance
Interest payable	0.00	0.00
Dividends payable	0.00	0.00
Others payables	10,709,600.70	920,506.10
Total	10,709,600.70	920,506.10

（1）Others payables

① Aging analysis:

Aging	Year-closing balance		Year-opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	10,709,600.70	100.00%	249,669.37	27.12%
1-2 years	0.00	0.00%	670,836.73	72.88%
2-3 years	0.00	0.00%	0.00	0.00%
Total	10,709,600.70	100.00%	920,506.10	100.00%

② Details of the creditors:

Name of Company	Year-closing balance	Percentage in others payables	Aging
Accruals - General	3,845,112.47	35.90%	Within 1 year
Provision - Partner Revenue Share	2,900,244.83	27.08%	Within 1 year
Accruals - GRNI	1,045,572.21	9.76%	Within 1 year
Total	7,790,929.51	72.75%	----

12. Paid-in capital

Name of shareholder	Year-opening balance	Increase in period	Decrease in period	Year-closing balance
DEI HOLDINGS LIMITED	1,780,182.38	9,807,677.94	0.00	11,587,860.32
Total	1,780,182.38	9,807,677.94	0.00	11,587,860.32

13. Undistributed profits

Item	Year-closing balance
Opening undistributed profits	-7,883,010.26
Plus: adjustment to the opening undistributed profits	0.00
Opening undistributed profits after adjustment	-7,883,010.26
Plus: net profits of this period	-13,130,803.98
Less: withdrawal of statutory surplus reserves	0.00
Withdrawal of discretionary surplus reserves	0.00
Dividends payable for ordinary shares	0.00
Others	57,642.16
Closing undistributed profits	-20,956,172.07

14. Operating income and operating costs

Item	2021		2020	
	Income	Cost	Income	Cost
Subtotal of Business activities	19,426,905.37	29,650,192.90	6,682,764.69	4,399,320.26
Including: Provision of labor services	19,426,905.37	29,650,192.90	6,682,764.69	4,399,320.26
Total	19,426,905.37	29,650,192.90	6,682,764.69	4,399,320.26

15. Sales tax and additions

Item	2021	2020
Sales tax and additions	21,991.41	1,435.10
Total	21,991.41	1,435.10

16. Cost of sales

Item	2021	2020
Cost of sales	4,231.50	0.00
Total	4,231.50	0.00

17.Administrative costs

Item	2021	2020
Administrative costs	2,563,476.64	3,662,633.18
Total	2,563,476.64	3,662,633.18

18. Financial Expenses

Item	2021	2020
Interest expenditures	576,840.58	0.00

Less: interest income	12,179.48	6,558.52
Exchange losses	0.00	130,190.78
Less: exchange gains	267,725.09	726,738.21
Others	21,016.54	9,044.13
Total	317,952.55	-594,061.82

19. Non-operating income

Item	2021	2020
Personal income tax fee refund	253.45	0.00
Total	253.45	0.00

20. Non-operating expense

Item	2021	2020
Late tax fees	117.80	0.00
Total	117.80	0.00

VIII. Supplementary Information of the Cash Flow Statements

Supplementary information	During the year
1.Convert net profits into cash flows of operating activities:	
Net profits	-13,130,803.98
Plus: asset impairment provision	0.00
Depreciation of fixed assets, oil and gas assets and productive biological assets	657,909.71
Amortization of intangible assets	0.00
Amortization of long-term deferred expenses	0.00
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains indicated with "-")	0.00

Supplementary information	During the year
Losses from retirement of fixed assets (gains indicated with "-")	0.00
Losses from change in fair value (gains indicated with "-")	0.00
Financial expenses (gains indicated with "-")	0.00
Investment losses (income indicated with "-")	0.00
Decrease in deferred income tax assets (increase indicated with "-")	0.00
Increase in deferred income tax liabilities (decrease indicated with "-")	0.00
Decrease in inventories (increase indicated with "-")	-2,745,466.17
Decrease in operating accounts receivable (increase indicated with "-")	-8,453,141.32
Increase in operating accounts payable (decrease indicated with "-")	21,426,228.81
Others	0.00
Net cash flows from operating activities	-2,245,272.95
2.Investment and financing activities without cash receipts and payments:	
Conversion of debts into capital	0.00
Convertible bonds due within one year	0.00
Fixed assets under financing lease	0.00
3.Net increase in cash and cash equivalents:	
Closing balance of cash	3,952,417.80
Less: opening balance of cash	947,608.77
Plus: closing balance of cash equivalents	0.00
Less: opening balance of cash equivalents	0.00
Net increase in cash and cash equivalents	3,004,809.03

IX. Related Parties and Related Party Transactions

(I) Related parties

1. Shareholders of the Company

Name of related party	Shareholding percentage in the Company	Voting power percentage in the Company
DEI HOLDINGS LIMITED	100.00%	100.00%

X. Contingencies

As at December 31, 2021, the Company has not involved in any pending litigations, external guarantee and other contingencies that shall be disclosed.

XI. Commitments

As at December 31, 2021, the Company has not made any commitments that shall be disclosed.

XII. Non-adjustment Events after the Balance Sheet Date

As at June 28, 2022, the Company has not engaged in any matters that shall be disclosed after the balance sheet date.

XIII. Other Important Matters

As at June 28, 2022, the Company has not engaged in any other important matters that shall be disclosed.

XIV. Approval of the Accounting Statements

The accounting statements have been approved to be released by the Company’s Board of Directors on June 28, 2022.

Digiphoto Entertainment Imaging (Shanghai) Co., Ltd.

June 28, 2022

Financial Statements

Digiphoto SAE
For the year ended 31 December 2021

Contents

Auditor's Report on Separate Financial Statements

Digiphoto SAE
For the year ended 31 December 2021

TO THE SHAREHOLDERS OF DIGIPHOTO SAE

Report on the Financial Statements

We have audited the accompanying financial statements of Digiphoto SAE ('the Company'), represented in statement of financial position as of 2021 , and the related statements of profit or loss, comprehensive income, cash flow and the changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management 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. This responsibility also includes 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 Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 professional judgment, include the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor consider 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 purposes 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 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 audit opinion on these financial statements.

Opinion

In our opinion the financial statements refereed to above, give true and fair view, in all material respects, of the separate financial position of Digiphoto SAE as of 2021, and its financial performance and its cash flow for the period from 1 January 2021 till 31 December 2021 in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on other Legal and Regulatory Requirements

The company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records

The financial information included in the Management Report, prepared in accordance with Law No. 159 of 2981 and its executive regulation, is in agreement with the books of the Company insofar as such information recorded therein.

Ramy Shalash

RAA 26825

[Cairo]

Dated: 30 April 2022

Separate Statement of Financial Position

Digiphoto SAE
As at 31 December 2021

	31 DEC 2021	31 DEC 2020
Assets		
Non-Current Assets		
Property, Plant and Equipment	357,474	649,827
Total Non-Current Assets	**357,474**	**649,827**
Current Assets		
Cash and Cash Equivalents	1,857,925	1,873,035
Prepayments	431,779	20,138
Trade and Other Receivables	1,578,532	1,495,992
Current Tax Asset	514,979	441,719
Inventories	289,343	348,971
Total Current Assets	**4,672,558**	**4,179,855**
Total Assets	**5,030,032**	**4,829,682**
Equity and Liabilities		
Equity		
Share Capital	62,500	62,500
Retained Earnings		
Retained earnings	(4,305,191)	(2,337,749)
Current year earnings	(146,897)	(1,967,441)
Total Retained Earnings	**(4,452,088)**	**(4,305,191)**
Total Equity	**(4,389,588)**	**(4,242,691)**
Liabilities		
Current Liabilities		
Trade and Other Payables	7,329,583	7,061,428
Current Tax Liability	1,902,499	1,869,567
Other Current Liabilities	187,537	141,377
Total Current Liabilities	**9,419,619**	**9,072,372**
Total Liabilities	**9,419,619**	**9,072,372**
Total Equity and Liabilities	**5,030,032**	**4,829,682**

Separate Statement of Profit or Loss

Digiphoto SAE

For the year ended 31 December 2021

	2021	2020
Revenue		
Sales	5,382,847	2,731,596
Total Revenue	**5,382,847**	**2,731,596**
Cost of Sales		
Cost of Goods Sold	1,361,005	822,352
Wages and Salaries	1,197,918	889,803
Total Cost of Sales	**2,558,923**	**1,712,155**
Gross Profit	**2,823,925**	**1,019,441**
Expenses		
Administrative Expenses		
Audit fees	74,690	66,000
Insurance	12,070	3,290
Directors, trustees and related party fees	1,606,442	2,313,508
Professional and consulting fees	270,331	246,840
Total Administrative Expenses	**1,963,533**	**2,629,638**
Other Expenses		
Expense		
Bank Fees	18,475	6,839
FX Gain (Loss) Realized	-	(123,732)
FX Gain (Loss) Unrealized	(11,480)	(26,776)
General Expenses	58,542	537
Head Office	19,267	51,569
Payroll Tax Settlement	1,619	-
Petty Cash 2	-	8,438
Provision Expenses	19,317	27,417
Rent	515,673	-
Social Insurance Expense - Company Contribution	73,236	107,281
Solidarity Contribution	20,286	6,829
Total Expense	**714,936**	**58,403**
Depreciation	292,353	298,841
Total Other Expenses	**1,007,288**	**357,244**
Total Expenses	**2,970,822**	**2,986,882**
Profit (Loss) Before Tax	**(146,897)**	**(1,967,441)**
Profit (Loss) for the Period from Continuing Operations	**(146,897)**	**(1,967,441)**
Profit (Loss) for the Period	**(146,897)**	**(1,967,441)**
Total Comprehensive Income for the Period	**(146,897)**	**(1,967,441)**

Separate Statement of Comprehensive Income

Digiphoto SAE

For the year ended 31 December 2021

	2021	2020
Revenue		
Sales	5,382,847.27	2,731,595.79
Total Revenue	**5,382,847.27**	**2,731,595.79**
Cost of Sales		
Cost of Goods Sold	1,361,004.77	822,351.77
Wages and Salaries	1,197,917.78	889,803.25
Total Cost of Sales	**2,558,922.55**	**1,712,155.02**
Gross Profit	**2,823,924.72**	**1,019,440.77**
Expenses		
Administrative Expenses	1,963,533.32	2,629,638.32
Other Expenses	1,007,288.43	357,243.79
Total Expenses	**2,970,821.75**	**2,986,882.11**
Profit (Loss) Before Tax	**(146,897.03)**	**(1,967,441.34)**
Profit (Loss) for the Period from Continuing Operations	**(146,897.03)**	**(1,967,441.34)**
Profit (Loss) for the Period	**(146,897.03)**	**(1,967,441.34)**
Total Comprehensive Income for the Period	**(146,897.03)**	**(1,967,441.34)**

Movements in Equity

Digiphoto SAE
For the year ended 31 December 2021

	2021	2020
Equity		
Opening Balance	(4,242,690.66)	(2,275,249.32)
Increases		
Profit for the Period	(146,897.03)	(1,967,441.34)
Total Increases	**(146,897.03)**	**(1,967,441.34)**
Total Equity	**(4,389,587.69)**	**(4,242,690.66)**

Statement of Cash Flows - Indirect Method

Digiphoto SAE

For the year ended 31 December 2021

	2021	2020
Operating Activities		
Profit after taxation	(146,897)	(1,967,441)
Adjustments for non-cash items		
Depreciation	292,353	298,841
Changes in operating assets and liabilities		
Accounts receivable	(82,540)	75,620
Inventory	59,628	419,868
Other current assets	(73,260)	(44,203)
Accounts payable	582,398	2,312,555
Other current liabilities	(234,448)	(1,002,775)
Net cash provided by operating activities	**397,235**	**92,464**
Investing Activities		
Other cash items from investing activities	(411,641)	(20,138)
Net cash provided by investing activities	**(411,641)**	**(20,138)**
Financing Activities		
Other cash items from financing activities	(703)	2,961
Net cash provided by financing activities	**(703)**	**2,961**
Net Cash Flows	**(15,109)**	**75,287**
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	1,873,035	1,797,747
Cash and cash equivalents at end of period	1,857,925	1,873,035
Net change in cash for period	**(15,109)**	**75,287**

Notes to the Separate Financial Statements

Digiphoto SAE
For the year ended 31 December 2021

1. Introduction

Digiphoto Company (S.A.E) (the company) is an Egyptian joint stock company incorporated on 20 July 2016 under the provisions of companies' law No. 159 for the year 1981. The company was registered in the commercial register under registration No. 95340 on 20 JULY 2016.

The purpose of the company is photography, general trading and distribution. The Company may have interest or participate by any means with corporates and others, which practice business simitar to lts business or which may assist it to achieve its purpose ln Egypt or abroad, as it may merge in the aforementioned bodies or acquire it and this is according to provisions of law and its executive regulation.
The company registered office is at 18 El Obour Buildings, Salah Salem Street. Nasr City, Cairo, Egypt

The company's parent is UAE company DEI HOLDINGS LIMITED.

2. Accounting Policies

The following is a summary of the most significant accounting policies applied in the preparation of these separate financial statements:

2-1 BASIS OF PREPARATION

The separate financial statements of the company are prepared in accordance with Egyptian Accounting Standards ("EAS") and the related applicable laws and regulations.

The financial statement shave been prepared in Egyptian pounds (LE), which is the Company's functional and presentation currency.

The financial statement shave been prepared under the going concern assumption on a historical cost basis.

2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumption sand estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimate sand their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgement and estimates that have significant impact on the financial statement of the Company are discussed below:

Judgement

The general personal judgments for implementation of the company accounting policies:

In general the application of the company's accounting policies does not require from management the use of personal judgment (except relating to significant accounting estimate and judgments described below which might have a major impact on the value recognized at the financial statement).

Estimations

Estimates and adjustments 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions,based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors,such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

2-3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies rerecorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.

Non monetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair values determined.

Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at original invoice amount less any impairment losses.

Provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows.

Suppliers and accrued expenses

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Trade parables are generally carried at the value of goods or services received from others, whether invoiced or not. Trade parables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trades payable are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, where material.

Expenses

All expenses including operating expenses,general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

Related party transactions

Related parties represent in parent company ,associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months less bank overdrafts.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

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. The fair value measurements based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market 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 assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservant inputs.

All assets and liabilities for which fair values measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

· Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are adjusted) for identical assets or liabilities.

· Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e.derived from prices).

· Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that aren't based on observable market data (unobservant inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Capital

The Company's authorized capital amounts LE 2,500,000, the issued capital is LE 250,000, shares are divided over 2,500 of par value LE 100 each while the Company's paid up capital amounts LE 62,500 as follows:

Shareholder	Number of shares	Participation %	Issued Capital LE	Paid up Capital LE
RAMAKRISHNAN KALAPATHY SHANKAR	25	1%	2,500	625
SANGHAMITRA RAMAKRISHNAN KALPATHY	25	1%	2,500	625

DEI HOLDINGS LIMITED	2,450	98%	245,000	61,250
Total	2,500	100%	250,000	62,500

4. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the company include bank balances and cash, trade receivables, prepayments and due from related parties.Financial liabilities of the company include trade and accrued expenses, due to related parties and tax liability.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

5. Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Transactions with related parties represent transactions with the ultimate shareholders and their associates and subsidiaries

6. Tax Position

Due to the nature of the procedures for estimating tax liabilities in the Arab Republic of Egypt, the final results of this estimate by the tax authority may not be realistic. Therefore, there may be additional contingent liabilities arising from the tax assessment of the Company's tax payable. The following is a summary of the tax position of the Company as at 31 December 2021.
Corporate income tax
The Company submitted its tax return on regular basis since inception till date according to the tax law no. 91/2005. The Company's books have not been inspected yet.

Payroll tax
The company deducted the salaries tax according to tax law no. 91/2005 and the Company's books have not been inspected yet.

Withholding tax
The Company applies the withholding tax provision on its transaction with private sector according to tax law no. 91/2005 and the Company's books have not been inspected yet.

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C

P.O. Box 103853, Dubai, United Arab Emirates

Financial Statements and Auditor's Report

For the Year Ended December 31, 2021

CONTENTS **PAGE**

Director's Report to the Partners

The Director submits his report and audited financial statements for the year ended December 31, 2021.

Results and distribution of profits

The net profit for the year is amounted to AED 3,563,919 as compared to net loss of AED 10,549,918 in the previous year 2020.

Review of the business

Digiphoto Entertainment Imaging L.L.C is engaged in providing souvenir photography services, consumer photographs production and film developing.

Revenue increased by 109.52% to AED 95,110,008 as compared to AED 45,393,804 in the previous year 2020.

Gross profit margin for the current year is 32.27% as compared to 20.76% in the previous year 2020.

Auditors

A resolution to re-appoint N. R. Doshi & Partners, Public Accountants as auditors and fix their remuneration will be put to the partners at the Annual General Meeting.

Mr. Ramakrishnan Kalapathy Shankar
Director

Date : August 15, 2022

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2021 All figures are expressed in U.A.E. Dirhams	Notes	2021	2020
Continuing operations			
Revenue	6	95,110,008	45,393,804
Cost of revenue	7	(64,414,191)	(35,969,110)
Gross profit		30,695,817	9,424,694
Other income	8	10,225,061	9,324,301
Distribution cost		(242,123)	(207,197)
Other administrative expenses	9	(34,938,527)	(28,367,276)
Operating Profit / (Loss)		5,740,228	(9,825,478)
Finance cost	10	(3,126,272)	(1,921,806)
Finance income	11	949,963	1,197,366
Profit / (Loss) from continuing operations		3,563,919	(10,549,918)
Discontinued operations			
(Loss) / Profit for the year from discontinued operations		0	0
Profit / (Loss) for the year		**3,563,919**	**(10,549,918)**
Attributable to :			
Partners of the Company		3,563,919	(10,549,918)
Non-controlling interest		0	0
Profit / (Loss) for the year		3,563,919	(10,549,918)
Other comprehensive income			
- Items that will not be reclassified subsequent to profit or loss		0	0
Remeasurements of post-employment benefit obligations		0	(128,491)
- Items that may be reclassified subsequent to profit or loss		0	0
Other comprehensive income for the year		0	(128,491)
Total Comprehensive income for the year		**3,563,919**	**(10,678,409)**
Attributable to:			
Partners of the Company		3,563,919	(10,678,409)
Non-controlling interest		0	0
		3,563,919	(10,678,409)

These financial statements on pages 2 to 26 were authorised for issue on August 15, 2022 by the Board of director and signed by:

Mr. Ramakrishnan Kalapathy Shankar
Director

The accompanying notes 1 to 31 form an integral part of these financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Statement of Financial Position

As at December 31, 2021 All figures are expressed in U.A.E. Dirhams	Notes	2021	2020
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	7,823,389	7,770,133
Capital work-in-progress	13	232,856	0
Right-of-use asset	14.1	1,921,535	1,053,986
Financial assets at amortised cost	15	11,755,651	10,557,396
Total non-current assets		21,733,431	19,381,515
Current Assets			
Inventories	16	3,030,904	2,538,774
Trade receivables	17	1,245,119	3,089,805
Cash and bank balances	18	3,031,196	499,562
Financial assets at amortised cost	15	81,064,309	50,954,012
Other assets	19	2,940,395	1,018,346
Total current assets		91,311,923	58,100,499
Total assets		**113,045,354**	**77,482,014**
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	14.2	1,160,959	0
Employee end of service benefits		4,290,847	4,162,418
Total non-current liabilities		5,451,806	4,162,418
Current Liabilities			
Trade and other payables	21	34,299,277	13,231,735
Other current liabilities	22	500	1,257
Financial liabilities at amortised cost	23	76,706,520	67,063,272
Lease liabilities	14.2	882,679	882,679
Total current liabilities		111,888,976	81,178,943
Total liabilities		**117,340,782**	**85,341,361**
Net liabilities		**(4,295,428)**	**(7,859,347)**

(Continued on next page...)

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Statement of Financial Position

As at December 31, 2021 All figures are expressed in U.A.E. Dirhams	**Notes**	**2021**	**2020**
EQUITY			
Share capital	1.1	300,000	300,000
Statutory reserve		150,000	150,000
Fair Value Reserve		(128,491)	(128,491)
Retained earnings	20	(4,616,937)	(8,180,856)
Total equity		**(4,295,428)**	**(7,859,347)**

These financial statements on pages 2 to 26 were authorised for issue on August 15, 2022 by the Board of director and signed by:

Mr. Ramakrishnan Kalapathy Shankar
Director

The accompanying notes 1 to 31 form an integral part of these financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Statement of Changes in Equity

For the Year Ended December 31, 2021
All figures are expressed in U.A.E. Dirhams

	Share Capital	Statutory Reserve	Fair Value Reserve	Retained Earning	Total Equity
Balance as at January 1, 2020	**300,000**	**150,000**	**0**	**2,369,062**	**2,819,062**
Profit or loss	0	0	0	(10,549,918)	(10,549,918)
Other comprehensive income	0	0	(128,491)	0	(128,491)
Total comprehensive income for the year	0	0	(128,491)	(10,549,918)	(10,678,409)
Transaction with partners recorded directly in equity					
Funds withdrawn (net)	0	0	0	0	0
Balance as at December 31, 2020	**300,000**	**150,000**	**(128,491)**	**(8,180,856)**	**(7,859,347)**
Profit or loss	0	0	0	3,563,919	3,563,919
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the year	0	0	0	3,563,919	3,563,919
Transaction with partners recorded directly in equity					
Funds withdrawn (net)	0	0	0	0	0
Balance as at December 31, 2021	**300,000**	**150,000**	**(128,491)**	**(4,616,937)**	**(4,295,428)**

The accompanying notes 1 to 31 form an integral part of these financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Statement of Cash Flows

For the Year Ended December 31, 2021 All figures are expressed in U.A.E. Dirhams	Notes	2021	2020
I. Cash flow from operating activities			
Net profit / (loss) for the year		3,563,919	(10,549,918)
Adjustments for:			
Depreciation on property, plant and equipment		2,984,508	2,672,187
Depreciation on right-of-use asset		1,630,446	1,816,347
Profit / (Loss) on sale of property, plant and equipment		0	(11,496)
Finance income		(949,963)	(1,197,366)
Finance cost		3,126,272	1,921,806
Provision for employee end of service benefits		128,429	827,740
Cash flow from / (used in) operations before working capital changes		10,483,611	(4,520,700)
Changes in inventories		(492,130)	1,251,081
Changes in trade receivables		1,844,686	2,274,642
Changes in financial assets at amortised cost		(30,110,910)	(6,944,072)
Changes in other assets		(1,922,049)	3,899,323
Changes in trade and other payables		21,067,542	(5,526,027)
Changed in other current liabilities		(757)	(17,037)
Payment for employee end of service benefits		0	(854,706)
Net cash flow from / (used in) operating activities		869,993	(10,437,496)
Interest paid		(2,990,218)	(1,805,440)
Net cash used in operating activities		**(2,120,225)**	**(12,242,936)**
II. Cash flow from investing activities			
Purchase of property, plant and equipment		(3,037,764)	(2,287,483)
Payment made for capital work-in-progress		(232,856)	0
Interest received		949,963	1,197,366
Proceeds from sale of property, plant and equipment		0	54,197
Changes in loan given to related party		(1,197,642)	(3,826,169)
Net cash used in investing activities		**(3,518,299)**	**(4,862,089)**
III. Cash flow from financing activities			
Changes in financial liabilities at amortised cost		9,643,248	16,923,242
Change in borrowings		0	(223,412)
Payment of lease liabilities		(1,473,090)	(1,827,779)
Net cash flow from financing activities		**8,170,158**	**14,872,051**
Increase / (Decrease) in cash and cash equivalents	**(I + II + III)**	**2,531,634**	**(2,232,974)**
Cash and cash equivalents as at beginning of the year	(Note 5.11, 24)	499,562	2,732,536
Cash and cash equivalents as at end of the year	(Note 5.11, 24)	**3,031,196**	**499,562**
Non-cash financing and investing activities		**Nil**	**Nil**

The accompanying notes 1 to 31 form an integral part of these financial statements.

DIGIPHOTO ENTERTAINMENT IMAGING L.L.C
P.O. Box 103853, Dubai, United Arab Emirates

Notes to the Financial Statements

For the Year Ended December 31, 2021
All figures are expressed in U.A.E. Dirhams

1 Legal Status, Business Activities and Management

1.1 Legal Status

Digiphoto Entertainment Imaging L.L.C ("the Company") is registered as a Limited Liability Company in accordance with the provisions of U.A.E. Federal Law 2 of 2015.

The Company was initially registered as a sole proprietorship and as per the Memorandum of Association dated January 31, 2019, this sole proprietorship has been converted to Limited Liability Company.

The Department of Economic Development, Dubai, U.A.E. has issued the Commercial Registration Certificate No. 1390055 and Professional License No. 524596 dated February 21, 2001.

The activities of the company are carried out from the following branches.

	Particulars	Branch license no.	Issue date
i.	Jumeirah Beach	527005	09/06/2001
ii.	Wild Wadi	573264	13/09/2005
iii.	Ski Dubai	556790	05/05/2004
iv.	Babs Al Shams	581901	30/05/2006
v.	IMG Theme Park LLC	591594	18/02/2007
vi.	B125	591595	18/02/2007
vii.	B148	591596	18/02/2007
viii.	At the Top 124th Floor	630400	19/10/2009
ix.	IMG Theme Park LLC	630404	19/10/2009
x.	IMG Theme Park LLC	589797	02/01/2007
xi.	Dubai Mall - Ice rink	637519	07/04/2010
xii.	Dubai Mall - Kidzania	637518	07/04/2010
xiii.	IMG Theme Park LLC	633321	04/04/2010
xiv.	At the top-Dubai Dino	653973	18/05/2011
xv.	ABRA	657929	16/08/2011
xvi.	Dubai Mall Souq Albahar	653109	03/05/2011
xvii.	Dubai Mall (Burj Khaleefa)	643069	03/08/2010
xviii.	Mirdiff magic planet	661880	27/11/2011
xix.	Atlantis - Aquaventure (Water park, Poseidon & Baracuda)	724529	11/01/2015
xx.	Atlantis - Dolphin Bay (Dolphin & Sea Lion)	724530	11/01/2015
xxi.	Atlantis - Guest Activities	724527	11/01/2015
xxii.	Atlantis - Lost Chambers	724533	11/01/2015
xxiii.	Atlantis - Sea Lion	724537	11/01/2015
xxiv.	Warehouse	728027	26/02/2015
xxv.	Warehouse-AL QUOZ	655539	20/06/2011
xxvi.	Admin-1406 office	660299	20/10/2011
xxvii.	Admin-1405 office	17610	20/10/2009

Notes to the Financial Statements

The division is operating through 71 outlets in U.A.E under the above license.

The following are the partners of the company with effect from January 31, 2019 contributing to the capital and sharing profit in the given ratio:

Name	Nationality/ Incorporated in	Capital	No. of Shares	Profit / (Loss) Share
Mr. Ahmad Ali Hammad Bin Hammad Alsabri	U.A.E	153,000	153	20%
M/s. DEI Holdings Limited	U.A.E	147,000	147	80%
Total		**300,000**	**300**	**100%**

The share capital of the Company is AED 300,000 divided into 300 share of AED 1,000 each.

1.2 Business Activities

The Company is engaged in the business of souvenir photography services, consumer photograph production and Film Developing.

1.3 Management

The Company is managed by the manager, Mr. Ramakrishnan Kalapathy Shankar.

2 Basis of Preparation

2.1 Compliance with International Financial Reporting Standard

The financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and certain classes of property, plant and equipment and which are measured at fair value.

2.3 Functional and Presentation Currency

The financial statements are presented in U.A.E Dirhams, which is the Company's functional currency. All financial information presented in U.A.E Dirhams has been rounded to the nearest Dirhams.

Notes to the Financial Statements

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRSs required management to make 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 recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

3.1 Satisfaction of Performance Obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point of time in order to determine the appropriate method of recognising revenue. The Company has assessed that the revenue is recognised at a point in time based on agreements entered with customers and the provisions of relevant laws and regulations.

3.2 Determination of Transaction Price

The Company is required to determine the transaction price in respect of each of its contract with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts, the existence of any significant financial component in the contract and any non-cash consideration in the contract.

3.3 Transfer of Control in Contracts with Customers

In the cases where the Company determines that performance obligation are satisfied at a point in time, revenue is recognised when the control over the asset that is the subject of the contract is transferred to the customer.

3.4 Useful lives of Property, Plant and Equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Notes to the Financial Statements

3.5 Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.6 Impairment of Non-Financial Assets

The Company assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3.7 Fair Value Measurement of Financial Instrument

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

3.8 Determining the Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Most extension options in offices leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from January 1, 2021. Although these new standards and amendments applied for the first time, they did not have a material impact on the financial statements of the Company. The new standard or amendment is described below:

IAS / IFRS	Brief Description
Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 & IAS 8	Definition of Material
Conceptual Framework	Amendments to Reference to the Conceptual Framework in IFRS Standards
Amendments to IFRS 9, IAS 39 and	Interest Rate Benchmark Reform

Notes to the Financial Statements

4.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
Amendments to IFRS 16	January 1, 2021	COVID-19 Related Rent Concessions
Amendments to IFRS 3	January 1, 2022	Reference to the Conceptual Framework
Amendments to IAS 16	January 1, 2022	Property, Plant and Equipment: Proceeds before
Amendments to IAS 37	January 1, 2022	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 17 and amendments to IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
IFRS 10 and IAS 28	To be determined	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

4.3 The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5 Summary of Significant Accounting Policies

The accounting policies used by the Company in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

5.1 Foreign Currency

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.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

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. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Notes to the Financial Statements

5.2 Revenue Recognition

5.2.1 Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers based on five step model as set out in IFRS 15:

i. Identify the contracts with a customer

ii. Identify the performance obligations in the contract

iii. Determine the transaction price

iv. Allocate the transaction price to the performance obligation in the contract

v. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company recognises revenue at the point in time which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to contractual liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

5.3 Investments and Other Financial Assets

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. At initial recognition, the Company measures a financial assets at amortised cost at its fair value. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Financial asset at amortised cost is derecognised when:

i. The right to receive cash flows from the asset have expired,

ii. The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,

iii The Company has transferred its right to receive cash flow from the asset and either:

- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Notes to the Financial Statements

5.4 Financial Liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include employee end of service benefits, trade and other payables, borrowings, financial liabilities at amortised cost and lease liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability is derecognised when the obligation under the liability is discharged or 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 recognised in the statement of profit

5.5 Leases

5.5.1 Company as a Lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, variable lease payment and payments of penalties for terminating the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of offices and warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Financial Statements

5.6 Property, Plant and Equipment

5.6.1 Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

5.6.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the items 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 costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

5.6.3 Depreciation

Depreciation on property, plant and equipment has been computed on straight-line method at the annual rates estimated to write off the cost of the assets over their expected useful lives as under:

Furniture and fixtures	5 and 7 years (14.28% and 20% per annum)
Plant and equipment	5 and 7 years (14.28% and 20% per annum)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. 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 income statement.

Notes to the Financial Statements

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is charged on a straight-line basis over the estimated useful lives of 7 years.

Gains or losses arising from derecognition 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 income statement when the asset is derecognised.

5.8 Inventories

Inventories are stated at the lower of cost or net realized value, cost being determined using the weighted average method, except for materials in-transit, which are stated at actual cost determined using the specific identification method. If the net realizable value of inventories is lower than the acquisition cost, the acquisition cost is adjusted to net realizable value and the difference between the original acquisition cost and revalued amount is charged to current operations. If, however, the circumstances that caused the valuation loss ceased to exist, causing the market value to rise above the carrying amount, the valuation loss is reversed limited to the original carrying amount before valuation.

5.9 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 to 120 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

5.10 Impairment of Non-Financial Assets

Non-financial 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 groups 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.

5.11 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank current and call accounts and bank fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

Notes to the Financial Statements

5.12 Finance Income

Finance income comprises interest income on funds invested which is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is recognised as it accrues in profit or loss on the date that the Company's right to receive payment is established.

5.13 Finance Cost

Finance cost includes interest expense calculated using the effective interest rate method as described in IFRS 9, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Costs which may also be classified as finance cost include other costs associated with the entity's management of cash, cash equivalents and debt.

5.14 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 365 days of recognition. 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.

5.15 End-of-service Benefits

The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually 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.

5.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.)

5.17 Statutory Reserve

As per the Memorandum of Association of the Company, 10% of the net profits have to be transferred to Statutory Reserves till the reserve accumulates up to 50% of the paid up capital of the Company.

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P.O. Box 103853, Dubai, United Arab Emirates

Notes to the Financial Statements

6	**Revenue**	**2021**	**2020**
	Revenue from sale of services	95,110,008	45,393,804
		95,110,008	45,393,804

Notes:

i. The above revenue is recognised at a point in time.

ii. Revenue comes from providing souvenir photography services, consumer photographs production and film developing to the customers in U.A.E.

7	**Cost of Revenue**		
	Inventory as at beginning of the year	2,538,774	3,789,855
	Purchases and direct expenses	6,492,665	2,182,378
	Commission paid (note)	52,636,226	28,423,667
	Payroll and related expenses	5,777,430	4,111,984
	Inventory as at end of year	(3,030,904)	(2,538,774)
		64,414,191	35,969,110

Note: This represents commission paid to the revenue partners as per revenue sharing agreement for providing space to operate imaging business.

8	**Other Income**		
	Central service fee received	10,219,881	9,304,146
	Miscellaneous income	5,180	8,659
	Profit on sale of fixed assets	0	11,496
		10,225,061	9,324,301

9	**Other Administrative Expenses**		
	Rent expenses	1,852,658	1,715,566
	Payroll and related expenses	16,467,055	12,200,422
	Depreciation on property, plant and equipment	2,984,508	2,672,187
	Depreciation on right-of-use asset	1,630,446	1,816,347
	Other expenses	12,003,860	9,962,754
		34,938,527	28,367,276

10	**Finance Cost**		
	Interest on loan	2,990,218	1,805,440
	Interest on lease liability	82,958	116,366
	Foreign exchange loss	53,096	0
		3,126,272	1,921,806

Notes to the Financial Statements

11 Finance Income

	2021	2020
Interest income	949,963	833,731
Foreign exchange gain	0	363,635
	949,963	1,197,366

12 Property, Plant and Equipment

	Furniture and Fixtures	Plant and Equipment	Total
Rate of depreciation	14.28% and 20%	14.28% and 20%	
Cost			
As at January 1, 2020	2,426,918	14,357,896	16,784,814
Additions	1,488,186	799,297	2,287,483
Disposal	0	(123,263)	(123,263)
As at December 31, 2020	3,915,104	15,033,930	18,949,034
Additions	840,831	2,196,933	3,037,764
As at December 31, 2021	4,755,935	17,230,863	21,986,798
Depreciation			
As at January 1, 2020	861,607	7,725,669	8,587,276
For the year	586,691	2,085,496	2,672,187
On disposal	0	(80,562)	(80,562)
As at December 31, 2020	1,448,298	9,730,603	11,178,901
For the year	766,636	2,217,872	2,984,508
As at December 31, 2021	2,214,934	11,948,475	14,163,409
Net Value			
As at December 31, 2021	**2,541,001**	**5,282,388**	**7,823,389**
As at December 31, 2020	2,466,806	5,303,327	7,770,133

13 Capital Work-in-Progress

As at beginning of the year	0	0
Payment made during the year	232,856	0
Transferred to property, plant and equipment	0	0
As at end of the year	232,856	0

14 Leases

14.1 Right-of-Use Assets

Leasehold building	1,921,535	1,053,986

Notes to the Financial Statements

14.2 Lease liabilities

	2021	2020
Long term lease liabilities	1,160,959	0
Short term lease liabilities	882,679	882,679

14.3 Addition to the right-of-use assets during the year were AED 2,497,996.

14.4 The statement of profit or loss shows following amounts relating to leases:

	2021	2020
Depreciation charge of right-of-use asset (included in other administrative expenses)	1,630,446	1,816,347
Interest expense (included in finance cost)	82,958	116,366
Expense relating to short-term lease (included in other administrative expenses)	1,852,658	1,715,566

14.5 The total cash outflow for leases in 2021 was AED 1,473,090.

15 Financial Assets at Amortised Cost

Long term financial assets at amortised cost

	2021	2020
Margin deposits	977,000	650,000
Other deposits	1,557,071	1,883,458
Loan to related party (refer note 14.1)	9,221,580	8,023,938
	11,755,651	10,557,396

Short term financial assets at amortised cost

	2021	2020
Due from related parties (refer note 15.3)	76,893,808	47,976,663
Advances	0	140,524
Other receivables	4,170,501	2,836,825
	81,064,309	50,954,012

15.1 Details relating to loan to related party is as follows:

	2021	2020
Loan to related party	19,337,427	18,139,785
Less allowance (refer note 14.2)	(10,115,847)	(10,115,847)
	9,221,580	8,023,938

15.2 The closing loss allowances for loan to related party as at December 31, 2021 reconcile to the opening loss allowances as follows:

	2021	2020
Balance as at beginning of the year	10,115,847	10,115,847
Increased on loss allowance recognised in profit or loss during the year	0	0
Balance as at end of the year	10,115,847	10,115,847

Notes to the Financial Statements

15.3 Details relating to due from related parties is as follows:

	2021	2020
Due from related parties	81,809,540	52,892,395
Less allowance (refer note 14.4)	(4,915,732)	(4,915,732)
	76,893,808	47,976,663

15.4 The closing loss allowances for due from related parties as at December 31, 2021 reconcile to the opening loss allowances as follows:

	2021	2020
Balance as at beginning of the year	4,915,732	4,915,732
Increased on loss allowance recognised in profit or loss during the year	0	0
Balances written off during the year	0	0
Balance as at end of the year	4,915,732	4,915,732

16 Inventories

	2021	2020
Goods in trade	3,030,904	2,538,774
Goods in transit	0	0
	3,030,904	2,538,774

16.1 Inventories recognised as an expense during the year ended December 31, 2021 amounted to AED 6,000,535 (Previous Year AED 3,433,459). These were included in the cost of revenue.

17 Trade Receivables

	2021	2020
Trade receivables	1,245,119	3,089,805

17.1 Ageing of trade debtors:

	2021	2020
0-30 days	0	1,822,161
31-60 days	0	527,350
61-90 days	0	266,884
91 days and above	0	473,410
	0	3,089,805

18 Cash and Bank Balances

	2021	2020
Cash in hand	586,828	124,000
Balance with banks in:		
Current account	2,444,368	375,562
	3,031,196	499,562

19 Other Assets

	2021	2020
Advances to suppliers	791,034	536,792
Prepayments	2,149,361	481,554
	2,940,395	1,018,346

Notes to the Financial Statements

20 Retained Earnings

	2021	2020
Balance as at beginning of the year	(8,180,856)	2,369,062
Net profit / (loss) for the year	3,563,919	(10,549,918)
Transfer to statutory reserve	0	0
Profit distributed	0	0
Balance as at end of the year	(4,616,937)	(8,180,856)

21 Trade and Other Payables

Account payables	25,001,378	8,102,546
Accruals	8,793,429	4,881,226
VAT payable	504,470	247,963
	34,299,277	13,231,735

22 Other Liabilities

Advance from customers	500	1,257

23 Financial Liabilities at Amortised Cost

Due to related parties	0	668,694
Due to manager	10,713,577	10,585,086
Interest on loan payable to related parties	5,296,892	2,342,906
Loan from related parties	60,696,051	53,466,586
	76,706,520	67,063,272

24 Cash and Cash Equivalents

Cash on hand	586,828	124,000
Balance with banks in:		
Current account	2,444,368	375,562
	3,031,196	499,562

25 Related Party and Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the Company or exercise the significant influence over the Company in making financial or operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

25.1 Related Party Transactions

During the year, the following the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Notes to the Financial Statements

	2021	2020
Other Income	10,219,881	9,304,146
Purchases	0	770,369
Finance cost	2,990,218	1,805,440
Finance income	950,500	818,657

Directors and key managerial persons

Salaries and other benefits	0	1,143,750

25.2 Related Party Balances

Significant related party balances are as follows:

Due from related parties	76,893,808	47,976,663
Financial liabilities at amortised cost	76,706,520	67,063,272
Due to manager	10,713,577	10,585,086
Loan given to related party	9,221,580	8,023,938

26 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:

Financial assets

Financial assets as at amortized		
- Cash and bank balances	3,031,196	499,562
- Trade receivables	1,245,119	3,089,805
- Other financial assets at amortized cost	92,819,960	61,511,408
	97,096,275	65,100,775

Financial liabilities

Financial liabilities recognized as at amortized cost		
- Employee end of service benefits	4,290,847	4,162,418
- Trade and other payables	34,299,277	13,231,735
- Financial liabilities at amortised cost	76,706,520	67,063,272
- Lease liabilities	2,043,638	882,679
	117,340,282	85,340,104

27 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :

Level 1 : The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.

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 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. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

28 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.

28.1 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. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

a. Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the customer base including the default risk of the industry and country in which customer operates. Credit policy and benchmark creditworthiness established by the management is reviewed at frequent intervals.

The Company establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Notes to the Financial Statements

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before December 31, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at December 31, 2021, top one customer represents 20.96% of the total value of trade debtors outstanding (As at December 31, 2020: 21.61%).

Further, all the trade debtors are based in United Arab Emirates.

b. Other Financial Assets and Cash and Cash Equivalents

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, investment in securities, loans to associates and joint ventures, other receivables and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.

28.2 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.

Typically, 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.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual maturity dates:

Notes to the Financial Statements

Year Ended: December 31, 2021	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	4,290,847	0	4,290,847
- Trade and other payables	34,299,277	34,299,277	0
- Financial liabilities at amortised cost	76,706,520	76,706,520	0
- Lease liabilities	2,043,638	882,679	1,160,959
Derivative financial liabilities	0	0	0
Total financial liabilities	**117,340,282**	**111,888,476**	**5,451,806**

Year Ended: December 31, 2020	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	4,162,418	0	4,162,418
- Trade and other payables	13,231,735	13,231,735	0
- Financial liabilities at amortised cost	67,063,272	67,063,272	0
- Lease liabilities	882,679	882,679	0
Derivative financial liabilities	0	0	0
Total financial liabilities	**85,340,104**	**81,177,686**	**4,162,418**

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

28.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.
The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

i. Exposure to Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Directors current account, due from related parties, due to related parties are free of interest, unsecured and its repayments terms are unstipulated.

b) Interest on Margin Deposits are at fixed rates normally prevailing in U.A.E.

c) Loan given to Digiphoto Entertainment Imaging LLC, U.S.A. is bearing interest @ 4% p.a.

d) Loan taken from DEI Holdings Limited U.A.E. is bearing interest @ 4% p.a.

ii. Exposure to Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the AED is currently pegged to the USD, balances in USD are not considered to represent significant currency risk.

28.4 Capital Management

Capital includes equity attributable to the shareholder of the Company. 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. The primary objective of the Company's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

29 Contingent Liabilities	2021	2020
Payment Guarantee	977,000	650,000

30 Significant Events Occurring After the Date of Statement of Financial Position

There were no significant events occurring after the financial position date which require disclosure in the financial statements.

31 Comparative Figures

Previous year's figures are regrouped and reclassified wherever necessary so as to conform to the current year's presentation.

BALANCE SHEET

Period : *December - 2021*

Print Date : 12-Aug-22

DEI

USA (USD)

	Actual	Prior Year	Variance	Var %
Assets				
Current Asset				
Bank & Cash	1,076,045	548,355	527,690	49.04 %
Accounts receivable	1,599,213	581,322	1,017,892	63.65 %
Inventory	307,373	301,486	5,888	1.92 %
Prepaid expenses	13,569	14,024	(454)	(3.35)%
Total current Assets	**2,996,201**	**1,445,186**	**1,551,015**	**51.77 %**
Fixed Asset				
Computers, Fixtures, Vehicles & Equipment	1,883,335	1,610,482	272,853	14.49 %
(Less accumulated depreciation)	(950,024)	(677,400)	(272,623)	28.70 %
Total Fixed Assets	**933,312**	**933,082**	**230**	**0.02 %**
Other Asset				
Security Deposits	115,328	117,378	(2,050)	(1.78)%
Sundry Debtors	(284,295)	0	(284,295)	100.00 %
Total Other Assets	**(168,967)**	**117,378**	**(286,345)**	**169.47 %**
Total Assets	**3,760,545**	**2,495,645**	**1,264,900**	**33.64 %**
Liabilities and Owners Equity				
Current Liabilities				
Accounts payable	2,333,651	1,103,277	1,230,374	52.72 %
General Accruals & Provisions	2,531,740	1,582,667	949,073	37.49 %
Staff Accruals & Provisions	63,459	38,366	25,093	39.54 %
Sundry Creditors	5,489	29,361	(23,872)	(434.89)%
Taxation	160,629	147,649	12,980	8.08 %
Total Current Liabilities	**5,094,969**	**2,901,320**	**2,193,649**	**43.06 %**
Long Term Liabilities				
Loans	5,263,108	4,938,482	324,626	6.17 %
Total Long-term Liabilities	**5,263,108**	**4,938,482**	**324,626**	**6.17 %**
Owner's Equity				
Owner's investment	0	0	0	0.00 %
Drawing & Dividends	0	0	0	0.00 %
Retained Earnings	(5,344,157)	(3,804,992)	(1,539,166)	28.80 %
Current Year Profit	(1,253,375)	(1,539,166)	285,791	(22.80)%
Total Owner's equity	**(6,597,532)**	**(5,344,157)**	**(1,253,375)**	**19.00 %**
Total Liabilities and Owner's Equity	**3,760,545**	**2,495,645**	**1,264,900**	**33.64 %**

Common Financial Ratios

Debt Ratio (Total Liabilities / Total Assets)	**2.75**	**3.14**
Current Ratio (Current Assets / Current Liabilities)	**0.59**	**0.50**
Working Capital (Current Assets - Current Liabilities)	**(2,098,768)**	**(1,456,135)**
Assets-to-Equity Ratio (Total Assets / Owner's Equity)	**(0.57)**	**(0.47)**
Debt-to-Equity Ratio (Total Liabilities / Owner's Equity)	**(1.57)**	**1,539,163.71**

Income Statement - DEI USA

Period :December - 2021

Revenues	
Revenue	**10,690,736**
Total Revenue	**10,690,736**
Direct Expenses	
Revenue Share	**4,659,404**
Direct Labour	**3,341,885**
Direct Materials	**493,335**
Direct Marketing & Projects	**5,340**
Direct Other	**296,210**
Direct IT & Telco	**67,608**
Direct Depreciation	**238,085**
Total Direct Expenses	**9,101,866**
Gross Profit(Loss)	**1,588,870**
Overhead	
Indirect Labour (Admin & Services)	**550,834**
Indirect Labour (Leadership)	**501,366**
Property Costs	**64,614**
IT & Telco	**162,880**
Travel & Entertainment	**48,766**
Business Operating Fees	**141,499**
Marketing & Advertising	**1,140**
Postage & Stationary	**3,204**
Professional Fees	**88,921**
Vehicle Costs	**3,467**
Bank & Credit Card Charges	**145,549**
Interest & Provisions	**252,913**
Depreciation	**10,607**
Corporation Tax	**30,325**
Total Overheads	**2,006,084**
Income before Rech,FX,Int & Tax	**(417,214)**
Other Income(Expense)	
Central Service Fee	**(827,661)**
Overhead Allocation	**(7,950)**
Realised Foreign Exchange G/L	**(293)**
Profit/Loss on Asset Disposal	**(256)**
Total Other Income(Expense)	**(836,161)**
Net Income	**(1,253,375)**

Luxe Asia Private Limited
Statement of Profit And Loss for the Period ended 31 March 2022

Currency - LKR

Particulars	Notes	Period ended 31 March 2022
Income		
Revenue from operations	17	8,317,114.6
Other income	18(a)	27,933.0
Other gains (net)	18(b)	(134,509.9)
Total income		**8,210,537.7**
Expenses		
Cost of services		5,737,596.5
Employee benefits expense	19	22,118,892.7
Finance Cost	22	11,413,597.4
Advertisement Expenses		(1,209,600.0)
Depreciation and amortisation expense	20	2,011,450.7
Other expenses	21	21,265,046.7
Total expenses		**61,336,983.9**
Profit before exceptional item		**(53,126,446.2)**
Add Exceptional items:		
Less Exceptional items:		
(Loss)/Profit before tax		**(53,126,446.2)**
Less : Tax expense		
Current tax	23	-
Deferred tax	23	-
Total tax expenses		**-**
(Loss)/Profit for the year (A)		**(53,126,446.2)**
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)		**(53,126,446.2)**
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.

Luxe Asia Private Limited
Balance Sheet as at 31st March 2022

Currency - LKR

Particulars	Notes	As at 31st March 2022	As at 31st March, 2020
ASSETS			
Non-current assets:			
Property, plant and equipment	3	5,208,076.9	-
Capital work-in-progress	3	-	-
Goodwill	4	-	-
Other intangible Assets	4	499,715.4	-
Right of Use Assets	4(a)	-	
Intangible assets under development			
Investment accounted for using equity method	5	-	-
Investment in subsidiaries	5	-	-
Financial assets			
- Non current investments	5	-	-
- Loans			
- Other financial assets	6(e)	-	-
Other non-current assets	7	-	-
Non Current Income Tax assets	9	14,766.7	-
Deferred tax assets (net)	16	192,055.0	
Total non-current assets		**5,914,614.0**	**-**
Current assets:			
Inventories			
Financial assets			
- Investments	6(a)	-	-
- Trade receivables	6(b)	(64,323,586.5)	-
- Cash and cash equivalents	6(c)	977,751.7	-
- Bank balances other than cash and cash equivalents	6(d)	500,000.0	-
- Other financial assets	6(e)	(0.1)	-
Other current assets	8	305,978.7	-
Total current assets		**(62,539,856.2)**	**-**
TOTAL ASSETS		**(56,625,242.2)**	**-**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	10(a)	5,000,000.0	-
Preference share capital	10(a)	25,000,000.0	-
Other equity			
Share application money pending allotment		-	-
Reserve and surplus	10(b)	(241,376,609.5)	-
Total Equity		**(211,376,609.5)**	**-**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
- Borrowings	11(a)	-	-
- Other financial liabilities	11(c)	-	-
Provisions	14	-	-
Employee Benefit Obligations	15	4,663,127.8	-
Deferred tax liabilities (net)	16	-	-
Other non-current liabilities	12	-	-
Total non-current liabilities		**4,663,127.8**	**-**
Current liabilities			
Financial liabilities			
- Borrowings	11(b)	35,390,664.4	-
- Trade payables	11(d)	33,979,394.6	-
- Other financial liabilities	11(c)	78,432,000.0	-
Provisions	14	-	-
Employee Benefit Payable	15	0.0	-
Current Income Tax Liabilities	9	-	-
Other current liabilities	13	2,286,180.5	-
Total current liabilities		**150,088,239.5**	**-**
TOTAL LIABILITIES		**154,751,367.3**	**-**
TOTAL EQUITY AND LIABILITIES		**(56,625,242.2)**	**-**
	Check --->	**0.0**	**-**

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

Independent Auditor's Report

Sita World Travel (Nepal) Pvt. Ltd
Kathmandu
Nepal

Opinion
We have audited the financial statements of Sita World Travel (Nepal) Pvt. Ltd (the "Company"), which comprise the balance sheet as at March 31, 2022, and the income statement, statement of changes in equity, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework applicable to the holding company for the purpose of consolidation of financial statement.

Basis for opinion
We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). 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 *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of accounting and Restriction on Distribution and Use
Without modifying our opinion, we draw attention to clause B–Basis of Preparation of Financial Statements of schedule 18, which describes the basis of accounting. The financial statements are prepared to assist the company for the purpose of providing information to the holding company to enable it to prepare its consolidated Financial Statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for Sita World Travel (Nepal) Pvt. Ltd and its holding company and should not be distributed to or used by parties other than for Sita World Travel (Nepal) Pvt. Ltd and its holding company.

Responsibility 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 the with the financial reporting framework applicable to the holding company for the purpose of consolidation of financial statement 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.

S.A.R. Associates * Kathmandu * Chartered Accountants *

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 high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes of expressing an opinion on the effectiveness of the Company's internal control.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' 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 appropriateness of accounting polices used and the reasonableness of accounting estimates and related disclosures made by the management,

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.

We also provide those charged with governance 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.

S.A.R. Associates
Kathmandu
Chartered Accountants

Sunir K. Dhungel
Managing Partner

Place: Kathmandu
Date: June 17, 2022

UDIN: 220622CA00109WcDrg

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Balance Sheet
As at 31 March 2022

Amount in NPR

	Sch	As at 31 March 2022	As at 31 March 2021
EQUITY & LIABILITIES			
Equity			
Share capital	1	2,250,000	2,250,000
Reserves and surplus	2	103,112,914	121,892,856
Total Equity		105,362,914	124,142,856
Liabilites			
Current liabilities and Provisions			
Current liabilities	9	134,729,694	120,697,714
Provisions	10	143,449,668	138,711,315
Lease Liabilities	16	9,380,471	11,526,004
Total Liabilities		**287,559,833**	**270,935,033**
Total Equity and Liabilites		**392,922,747**	**395,077,889**
ASSETS			
Non Current Assets			
Property, plant and equipment (net of depreciation)	3	19,569,822	28,630,260
ROU Assets	4	7,732,501	10,024,105
Deferred tax assets	11	2,485,163	2,627,189
Total Non Current Assets		29,787,486	41,281,554
Current Assets			
Investments	5	61,748,000	116,000,000
Sundry debtors	6	63,268,433	55,716,817
Cash & bank balances	7	12,368,979	6,292,099
Loans and advances	8	225,749,849	175,787,419
Total current assets		363,135,261	353,796,335
Total Assets		**392,922,747**	**395,077,889**
Contingent liabilities	17	295,029,015	110,440,020

Significant Accounting Policies and Other Explanatory Notes 18
(Schedule 1 to 10 and 16,17 & 18 form an integral part of this Balance Sheet)

As per our report of even date

Baburam

Babu Ram Kharal
Manager

Deenam

Deenam Lamichhane
General Manager

Sumir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

S.A.R. Associates
Kathmandu
Chartered Accountants

Sanjay Shroff
Director

Dipak Dewa
Director

Date
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Income Statement
for the period 1 April 2021 to 31 March 2022

	Sch	Current Year	*Amount in NPR* Previous Year
Income			
Sales & services (net)	12	2,272,853	(1,745,170)
Other business income	13	8,453,536	14,717,632
		10,726,389	12,972,462
Expenditure			
Personnel expenses	14	15,002,864	17,704,268
Administrative expenses	15	3,534,571	4,583,731
Profit from Operation		(7,811,046)	(9,315,537)
Depreciation and amortisition	3	9,188,756	9,200,468
Depreciation of Right of Use Lease Assets		2,441,840	2,405,785
Interest Exp Finance Lease		951,204	1,118,691
Foreign exchange (gain)/loss		(1,754,931)	2,390,139
Profit before Bonus and Tax		**(18,637,915)**	**(24,430,621)**
Staff bonus		-	-
Profit before tax		**(18,637,915)**	**(24,430,621)**
Current tax		-	-
Deferred tax expense/(income)		142,027	(1,742,996)
Profit after tax for the year		(18,779,942)	(22,687,625)
Basic Earnings per share of face value of Rs 100		(835)	(1,008)
Diluted earnings per share of face value of Rs 100		(835)	(1,008)

Significant Accounting Policies and Other Explanatory Notes 18
Schedule 3, 12 to 15 & 18 forms an integral part of this Income Statement

As per our report of even date

Babu Ram Khanal
Manager

Deenam Lamichhane
General Manager

Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Sanjay Shroff
Director

Dipak Deva
Director

Date:
Place: Kathmandu

SITA World Travel (Nepal) Pvt. Ltd.
Jwagal, Kupondole, Lalitpur

Cash Flow Statement
for the period 1 April 2021 to 31 March 2022

Amount in NPR

	Sch	Current year	Previous year
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before taxation and extraordinary items		(18,637,915)	(24,430,621)
Adjustment for:			
Depreciation		9,188,756	9,200,468
Depreciation of Right of Use Lease Assets		2,441,840	2,405,785
Provisions for staff bonus		-	-
Interest income		(7,117,609)	(13,616,491)
Profit on sale of fixed assets		-	(4,425)
Creditors balance written off		(331,474)	(871,237)
Foreign Currency Fluctuation		(1,754,931)	2,390,139
Operating Profit before changes in working capital		**(16,211,333)**	**(24,926,382)**
Decrease/ (Increase) in current assets		(39,390,532)	10,809,401
Increase/ (Decrease) in current liabilities		9,429,774	(91,604,285)
Cash generated from operations		**(46,172,092)**	**(105,721,266)**
Payment from retirement benefit fund		1,651,204	1,387,732
Income tax paid		(2,655,855)	(2,307,772)
Payment of staff bonus		(5,019,250)	(5,019,250)
Net cash flows from operating activities		**(52,195,993)**	**(111,660,556)**
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
Interest received		7,117,609	13,616,491
(Purchase) Adjustment of fixed assets/ investments		-	-
Proceeds on sale of assets		-	4,425
(Increase)/Decrease of Investment in fixed deposit during the year		54,252,000	54,000,000
Net cash flows from investing activities		**61,369,609**	**67,620,916**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares (except bonus shares)		-	-
Payments for the principal portion of the lease liability		(2,145,533)	(1,821,052)
Interest portion of the lease liability		(951,204)	(1,118,691)
Repayment of long term loan		-	-
Dividend paid		-	-
Net cash flows from financing activities		**(3,096,737)**	**(2,939,743)**
Net increase/ (decrease) in cash (A+B+C)		**6,076,879**	**(46,979,383)**
Cash and Cash Equivalents at at 31 March 2022		6,292,099	53,271,482
		12,368,979	6,292,099

Significant Accounting Policies and Other Explanatory Notes 18

As per our report of even date

Babu Ram Khanal
Manager

Deenam Lamichhane
[illegible] Manager

[illegible] Shroff
Director

Dipak Deva
Director

Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

S.A.R. Associates Kathmandu Chartered Accountants

Date:
Place: Kathmandu

SITA World Travel (Nepal) Pvt Ltd
Jwagal, Kupondole, Lalitpur

Statement of Changes in Equity
for the Year Ended 31 March 2021

Amount in NPR

Particulars	Note	Share Capital	Accumulated Profit	Total
Balance at 31 March 2021		2,250,000	121,892,856	124,142,856
Changes in accounting policy		-	-	-
Restated balance at 31 March 2021		2,250,000	121,892,856	124,142,856
Currency translation differences		-	-	-
Net gains and losses not recognised in the income statement		-	-	-
Net profit for the period		-	(18,779,942)	(18,779,942)
Dividend		-	-	-
Issue of share capital		-	-	-
Balance at 31 March 2022		2,250,000	103,112,914	105,362,914

As per our report of even date

Significant Accounting Policies and Other Explanatory Notes 18

Babu Ram Khanal
Manager

Deenam Lamichhane
General Manager

Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

S.A.R. Associates Kathmandu Chartered Accountants

Sanjay Shroff
Director

Dipak Deva
Director

Date:
Place: Kathmandu

Sita World Travel (Nepal) Pvt Ltd

Schedule 1 : Share Capital

	As at 31 March 2022 Rs	As at 31 March 2021 Rs
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 Travel Corporation India Ltd (SOTC Travel Services Pvt Ltd), the parent company		
Total	2,250,000	2,250,000

Schedule 2: Reserves & surplus

Balance brought forward	121,892,856	224,580,481
Profit/(Loss) (Transferred from income statement)	-	
Adjustment to Retained Earning	-	
Less: Dividend payment	-	(80,000,000)
Profit/(Loss) (Transferred from income statement)	(18,779,942)	(22,687,625)
Total	103,112,914	121,892,856

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S.A.R. Associates Kathmandu Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

Schedule 3: Property, Plant and Equipment

Amount in NPR

	Cost				Accumulated Depreciation/Amortisation				Net Book Value	
	As at	Addition	Sales/	Total as at	As at	Charged for	Deduction/	Total as at	As at	As at
Particulars	31 March 2021	during the year	adjustments	31 March 2022	31 March 2021	the year	Adjustment	31 March 2022	31 March 2022	31 March 2021
Furniture and fixtures	3,899,038	-	-	3,899,038	2,450,770	427,955	-	2,878,725	1,020,313	1,448,268
Office equipment	5,278,541	-	-	5,278,541	4,678,459	420,006	-	5,098,465	180,076	600,082
Computers	5,043,554	-	-	5,173,872	4,585,852	438,546	-	5,024,398	149,474	459,702
Vehicles	48,168,990	-	-	48,168,990	22,539,416	7,565,244	-	30,104,661	18,064,329	25,629,573
Leasehold improvement	2,698,987	-	-	2,698,987	2,258,882	292,008	-	2,550,890	148,097	440,105
Total	65,091,111	-	-	65,219,430	36,513,379	9,143,760	-	45,657,139	19,562,289	28,577,731
Previous Year	67,931,947	-	2,752,783	65,091,111	28,534,271	9,156,486	1,177,379	36,513,379	28,577,731	39,397,675
Intangible Assets										
Computer software	280,500	-	-	280,500.00	227,971	44,996	-	272,967	7,533	52,529
Total	280,500	-	-	280,500	227,971	44,996	-	272,967	7,533	52,529
Previous Year	280,500	-	-	280,500	183,990	43,982	-	227,971	52,529	96,510
Grand Total	65,371,611	-	-	65,499,930	36,741,350	9,188,756	-	45,930,106	19,569,822	28,630,260

S.A.R. Associates * Chartered Accountants * Kathmandu

SITA World Travel (Nepal) Pvt Ltd

		As at 31 March 2022 Rs	As at 31 March 2021 Rs
Schedule 4 : ROU Assets			
Cost			
As at 1 April 2021		14,651,055	14,651,055
Increase		-	-
Obligation		-	-
Transferable and reclassification		-	-
Decrease		-	(186,295)
	Total	**14,651,055**	**14,464,760**
Accumulated Depreciation			
As at 1 April 2021		4,440,655	2,034,870
Charge		2,441,840	2,405,785
Charge from retirement obligation		-	-
Transferable and reclassification		-	-
Decrease		36,059	-
	Total	**6,918,554**	**4,440,655**
Net Block		**7,732,501**	**10,024,105**

Balan Ram

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S.A.R. Associates * Chartered Accountants *

SITA World Travel (Nepal) Pvt Ltd

	As at 31 March 2022 Rs	As at 31 March 2021 Rs
Schedule 5 : Investments		
Fixed deposit with NMB Bank Ltd.	15,000,000	14,000,000
Fixed deposit with Nepal SBI Bank Ltd	46,748,000	102,000,000
Total	61,748,000	116,000,000
Schedule 6 : Sundry Debtors		
A) Debts outstanding over six months		
- considered good	56,771,892	55,716,817
- considered doubtful		
B) Other debts		
- considered good	6,496,541	-
	63,268,433	55,716,817
Less: Provision for doubtful debts		
Total	63,268,433	55,716,817
Schedule 7 : Cash and Bank Balances		
Cash in Hand	47,615	136,555
Bank Balances		
Current account balances	1,149,415	4,460,548
Foreign currency account balance	11,171,949	1,694,997
Total	12,368,979	6,292,099
Schedule 8 : Loans and advances		
Advance for expenses	3,327,288	107,339
Advance corporate tax	133,615,722	130,959,867
Deposit against income tax appeal	81,302,770	36,602,770
Deposits (receivables)	5,401	1,626,242
VAT receivables	3,050,728	3,899,195
Prepaid expenses	4,085,710	1,794,240
Accrued Interest on Fixed Deposit	362,230	797,766
	225,749,849	175,787,419

Babu Ram

Jeenam.

S.A.R. Associates Kathmandu Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

	As at 31 March 2022 Rs	As at 31 March 2021 Rs
Schedule 9 : Current Liabilities		
Received from client in advance	13,524,822	4,353,922
Sundry creditors	-	8,407,366
TDS payable	369,532	426,787
Dividend payable	76,075,578	76,075,578
Other liabilities	44,759,762	31,434,062
Total	**134,729,694**	**120,697,714**

Schedule 10 : Provisions

Provision for gratuity	6,414,730	5,710,374
Provision for leave encashment	946,848	1,057,589
Provision for income tax	136,088,090	131,943,352
Total	**143,449,668**	**138,711,315**

Schedule 11 : Deferred Tax Assets

Arising on account of temporary difference in		
Retirement Benefits	1,683,270	1,557,159
Depreciation	801,893	1,070,031
Total	**2,485,163.00**	**2,627,189**

S.A.R. Associates
Kathmandu
Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

			Current year Rs		Previous year Rs
Schedule 12 : Sales and Services (Net of cost)					
A.	**Tours Income**		3,557,914		(1,290,388)
	Tours Income	17,764,565		139,583	
	Less: Cost of tours	(14,206,651)		(1,429,971)	
B.	**Coach Income**		(1,285,061)		(454,782)
	Coach Income	677,823		779,513	
	Less: Coach expenses	(1,962,884)		(1,234,295)	
	Total		**2,272,853**		**(1,745,170)**

Schedule 13 : Other income

	Current year Rs	Previous year Rs
Interest on fixed deposit	7,117,609	13,616,491
Miscellaneous income	240,401	225,479
Creditors written back (Provision for tour)	331,474	871,237
Income from Retirement Benefit Deposit	764,052	-
Profit on sale of assets	-	4,425
Total	**8,453,536**	**14,717,632**

Schedule 14 : Personnel Expenses

	Current year Rs	Previous year Rs
Salary & wages	13,377,025	14,620,662
Contribution to Provident Fund	909,622	1,038,610
Retirement benefit Expenses	-	280,316
Medical expenses	606,642	720,644
Staff uniform exp	-	7,000
Staff welfare expenses	109,575	1,037,036
Total	**15,002,864**	**17,704,268**

S.A.R. Associates Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

Schedule 15 : Administrative and selling expenses	Current year Rs	Previous year Rs
Advertisement, publicity & sales promotion	617,699	-
Operational lease rentals	180,000	210,000
Communication	425,553	116,840
Travelling and conveyance	30,000	5,980
Bank charges	78,258	146,972
Legal and consultancy fees	401,470	921,715
Repairs and maintenance	-	186,368
Electricity and water	226,621	301,841
Printing and stationery	13,506	8,380
Entertainment	-	19,321
Security expenses	742,200	719,156
Insurance	212,487	239,137
Membership and subscription fees	68,984	28,850
Tax Audit Fee	190,025	190,025
Prior Year Expenses	-	1,121,371
Group audit fee	153,000	153,000
Audit expenses	-	1,420
Miscellaneous expenses	194,768	213,355
	3,534,571	**4,583,731**

Baburam

S.A.R. Associates
Kathmandu
Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

	As at 31 March 2022 Rs	As at 31 March 2021 Rs
Schedule 16 : Lease Liabilities		
Office Building	9,380,471	11,526,004
	9,380,471	**11,526,[illegible]**

S.A.R. Associates * Kathmandu * Chartered Accountants

SITA World Travel (Nepal) Pvt Ltd

	As at 31 March 2022 Rs	As at 31 March 2021 Rs
Schedule 17 : Contingent liabilities		
Income tax matters FY 2069-70	-	-
VAT matter FY 2069-70	23,857,699	23,857,699
VAT matter FY 2067-68 to FY 2071-72 Mangsir (except FY 2069-70)	82,425,607	82,425,607
Income Tax Matter FY 2071-72	1,050,092	1,050,092
VAT Matter FY 2071-72	2,756,622	2,756,622.00
Income Tax Matter FY 2072-73	179,403,531	-
VAT Matter FY 2072-73	5,185,464	-
Unexpired Bank Gurantee	350,000	350,000
Total	**295,029,015**	**110,440,020**

Baba Ram

S.A.R. Associates Chartered Accountants Kathmandu

Muscat Desert Adventures Tourism LLC

Financial Statements

31 December 2021

Muscat Desert Adventures Tourism LLC
Financial Statements
31 December 2021

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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 2021.

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. 1808435. The Company is a 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, 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 2021 are stated below:

Financial highlights	**2021** **OMR**	2020 OMR
Net loss	**(11,249)**	(72,214)
Total equity	**(36,187)**	(24,938)

Representations and audit

There have been no events subsequent to 31 December 2021, 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
Chief financial officer

Peter Payet
Chief executive officer

Date: April 27, 2022

KPMG Lower Gulf Limited
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
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Independent auditors' report

To the Shareholders 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"), which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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 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 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 Commercial Company Law of 2019, 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

We report that the financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

KPMG

28 April 2022 KPMG LLC

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Muscat Desert Adventures Tourism LLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Notes	2021 OMR	2020 OMR
Revenue	*4*	**207,414**	248,132
Cost of sales	*5*	**(189,038)**	(226,897)
Gross profit		**18,376**	21,235
Administrative and general expenses	*6*	**(69,773)**	(104,447)
Impairment loss on Trade Receivables	*9.1*	-	(1,938)
Other income	*7*	**41,357**	13,924
Operating loss		**(10,040)**	(71,226)
Finance cost - bank charges		**(1,209)**	(988)
Loss before tax and		**(11,249)**	(72,214)
Tax expense	*18*	**-**	-
Loss after tax		**(11,249)**	(72,214)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(11,249)**	(72,214)

The notes on pages 9 to 28 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 2021

	Notes	2021 OMR	2020 OMR
ASSETS			
Property and equipment	8	**412**	546
Non-current assets		**412**	546
Trade and other receivables	9	**58,507**	10,411
Due from related parties	10	**24,673**	95,647
Cash and cash equivalents	15	**51,573**	17,347
Current assets		**134,753**	123,405
Total assets		**135,165**	123,951
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**150,000**	150,000
Statutory reserve	14	**50,000**	50,000
Accumulated losses		**(236,187)**	(224,938)
Total equity		**(36,187)**	(24,938)
Liabilities			
Employees' end of service benefits	12	**4,470**	6,709
Non-current liability		**4,470**	6,709
Trade and other payables	11	**162,876**	142,180
Due to related parties	10	**4,006**	-
Total current liabilities		**166,882**	142,180
Total liabilities		**171,352**	148,889
Total equity and liabilities		**135,165**	123,951

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operations and cashflows of the Company as of, and for, the year ended 31 December 2021.

These financial statements were authorized for issue on behalf of the Company's Directors on April 27, 2022

Chief Executive Officer

Chief Financial Officer

The notes on pages 9 to 28 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 cash flows
For the year ended 31 December 2021

	Note	2021 OMR	2020 OMR
Cash flow from operating activities			
Loss for the year		**(11,249)**	(72,214)
Adjustments for:			
Depreciation	*8*	**134**	136
Provision for employees' end of service benefits	*12*	**359**	659
Gain on sale of property and equipment	*7*	**(9,714)**	-
Other income	*7*	**(21,879)**	-
		(42,349)	(71,419)
Changes in:			
- trade and other receivables		**(48,096)**	73,174
- due from related parties		**70,974**	42,975
- trade and other payables		**42,575**	(43,565)
- due to related parties		**4,006**	-
Payment of employees' end of service benefits	*12*	**(2,598)**	-
Net cash from operating activities		**24,512**	1,165
Cash flow from investing activities			
Proceeds from sale of property and equipment		**9,714**	-
Acquisition of property and equipment	*8*	**-**	(669)
Net cash from / (used in) investing activities		**9,714**	(669)
Net increase in cash and cash equivalents		**34,226**	496
Cash and cash equivalents at beginning of the year		**17,347**	16,851
Cash and cash equivalents at the end of the year	*15*	**51,573**	17,347

The notes on pages 9 to 28 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 2021

	Share capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2020	150,000	50,000	(152,724)	47,276
Total comprehensive loss for the year	-	-	(72,214)	(72,214)
At 31 December 2020	150,000	50,000	(224,938)	(24,938)
At 1 January 2021	150,000	50,000	(224,938)	(24,938)
Total comprehensive loss for the year	-	-	(11,249)	(11,249)
At 31 December 2021	**150,000**	**50,000**	**(236,187)**	**(36,187)**

The notes on pages 9 to 28 form an integral part of these financial statements.

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 providing travel and tourism related services. The Company secures access to hotel accommodation and other travel and tourism related activities and sells it to customer who generally are tour operators, travel agents and other wholesalers.

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 2021, the Company incurred a loss after tax of OMR 11,249 *(2020: OMR* 72,214*)* and as at 31 December 2021 its accumulated losses amounted to OMR 236,187 *(2020: OMR* 224,938*)* and net current liabilities amounted to OMR 32,129 *(2020: OMR 18,775)*. The condition indicate existence of events that cast doubt on the Company's ability to continue as going concern.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Group's business, financial support provided by the parent company, and the degree to which it is affected by external factors and other financial and non-financial information available at the time of preparation of such forecasts.

Management as part of its assessment also considered and assessed the financial results and specifically the cash flow position subsequent to the yearend. The overall objective is to maintain the liquidity position of the Company to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the Ultimate Parent Company has provided a letter of support confirming that it will be providing all the necessary financial support to the Company in order to meet its working capital obligations in the foreseeable future.

Based on the above, management, Board of Directors and the parent company are of the view that the Company will continue to have sufficient positive cash flows available in the foreseeable future to meet its liabilities and working capital commitments as and when they fall due in the foreseeable future. Accordingly, it is appropriate to prepare these financial statements as and for the year ended 31 December 2021 on a going concern basis.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019.

c) Basis of measurement

The financial statements have been prepared on 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.

2 Basis of accounting (continued)

e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments and estimates 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 estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in these financial statements are disclosed in note 21.

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 includes hotel accommodation, transfers, visa services and other tourism and travel related services. The revenue from rendering these services is recognized in profit or loss at the fair value of the consideration received or receivable.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
- **Tourism & related services** including: - Hotel accommodation - Visas - Transfers - Meet and greet and. - Excursions	Control of travel related services is considered transferred to customer at the travel in date i.e. in case of: - Visas at the date of issuance. - Hotel accommodation on the date hotel check in. - Transfers on the date of arrival. - Meet and greet on the date of arrival; and - Excursions on the date excursions Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.
Tour Packages	The services above are also sold as a combined tour package to travelers. In case of a combined tour package, entire package is generally considered as a single performance obligation. The combination of separate services in a combined tour package is considered significant integration and revenue for the entire tour package is recognized at the time of travel in date. Invoices are usually payable within 30 days. Booking cancellations vary depending on the timing of the season during the year.	Revenue is recognized at a point in time i.e. the time of travel in date.

3 Significant accounting policies (continued)

Financial instruments (continued)

Recognition and initial measurement **(continued)**

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Derecognition

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies are translated to 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.

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.

3 Significant accounting policies (continued)

Property and equipment (continued)

Subsequent cost

The cost of replacing 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 costs of day-to-day servicing of property and equipment are recognized in the profit or loss as incurred.

Depreciation

Depreciation is recognized 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 for the current year and prior years 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 reassessed annually.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

The Company considers trade receivables to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (continued)

Impairment (continued)

Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default.
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- 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 would enter bankruptcy.
- adverse changes in the payment status of borrowers or issuers.
  observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

Financial assets measured at amortized cost

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

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

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets measured at amortized cost (continued)

An impairment loss was 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 were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was 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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

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.

Employees' end of service benefits

Employees' end of service benefits is 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 Labor Law 2003 and its amendments.

Employee entitlements to annual leave and leave passage are recognized 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.

3 Significant accounting policies (continued)

Tax

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

Current tax (refer to note 18) 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.

Intercompany recharges

Intercompany expenses are recharged to related parties at arm's length price. Charges mainly includes Salaries and Other Admin expense including IT system cost as paid by / charged to the Company.

Contract assets

The contract assets are recognized for the Company's rights to consideration for services provided to the customer but not billed at the reporting date. The amount is netted with the expected credit losses, if any. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customers.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

3 Significant accounting policies (continued)

Leases (continued)

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

3 Significant accounting policies (continued)

Standards issued but not yet effective (continued)

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).

4 Revenue

Revenue from contract with customers is disaggregated by major products and service lines.

	2021 OMR	2020 OMR
Tourism and related services	**207,414**	247,989
Hotel commissions	**-**	143
	207,414	248,132

5 Cost of sales

	2021 OMR	2020 OMR
Tourism and related services	**188,904**	226,762
Depreciation expense (refer note 8)	**134**	136
	189,038	226,897

6 Administrative and general expenses

	2021 OMR	2020 OMR
Staff salaries and related benefits (i)	**39,423**	69,471
Rent and utility expense	**16,919**	20,385
Motor vehicle expense	**3,260**	4,477
Promotion and business expense	**670**	867
Government and legal fees	**8,300**	7,920
Advertising and office supplies	**207**	351
Other Expenses	**994**	976
	69,773	104,447

(i) The staff salaries and related benefits comprises:

	2021 OMR	2020 OMR
Staff salaries and wages	**38,228**	53,607
Other staff benefits	**836**	15,205
End of service benefits (refer note 12)	**359**	659
	39,423	69,471

7 Other income

	2021 OMR	2020 OMR
Head office recharges (refer note 10)	**9,685**	13,890
Foreign exchange gain	**79**	34
Gain on sale of property and equipment	**9,714**	-
Other income	**21,879**	-
	41,357	13,924

8 Property and equipment

	Motor vehicle OMR	Office equipment OMR	Office furniture and installations OMR	Total OMR
Cost				
At 1 January 2020	101,574	-	16,179	122,964
Addition			669	669
As at 31 December 2020	**101,574**	**5,211**	**16,848**	**123,633**
At 1 January 2021	101,574	5,211	16,848	123,633
Disposal / write off	(42,100)	-	-	(42,100)
As at 31 December 2021	**59,474**	**5,211**	**16,848**	**81,533**
Depreciation				
As at 1 January 2020	101,574	5,198	16,179	122,951
Charge for the year	-	13	123	136
As at 31 December 2020	**101,574**	**5,211**	**16,302**	**123,087**
As at 1 January 2021	101,574	5,211	16,302	123,087
Charge for the year	-	-	134	134
Disposal / write off	(42,100)	-	-	(42,100)
As at 31 December 2021	**59,474**	**5,211**	**16,436**	**81,121**
Net book value				
At 31 December 2021	**-**	**-**	**412**	**412**
At 31 December 2020	-	-	546	546

9 Trade and other receivables

	2021 OMR	2020 OMR
Trade receivables	**54,651**	6,948
Provision for impairment loss on trade receivables (refer note 9.1)	**(5,713)**	(6,948)
	48,938	-
Prepayments	**420**	1,811
Deposits	**8,600**	8,600
Other receivables	**549**	-
	58,507	10,411

9.1 Provision for impairment loss on trade receivables

The movement in the provision for impairment loss on trade receivables during the year was as follows:

	2021 OMR	2020 OMR
As at 1 January	**6,948**	5,010
Charge during the year	**-**	1,938
Written-off during the year	**(1,235)**	-
As at 31 December	**5,713**	6,948

10 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:

	2021 OMR	2020 OMR
Intercompany recharges (refer note 7)	**9,685**	13,890

Intercompany recharges represent amounts recharged to Jordan Desert Adventures Tourism L.L.C. for the shared staff and from Gulf Dunes Tourism LLC .

Due from related parties

	2021 OMR	2020 OMR
Desert Adventures Tourism L.L.C. – Dubai	**24,673**	92,857
Gulf Dunes Tourism LLC - Dubai	**-**	112
Desert Adventures Tourism - Jordan	**-**	2,678
	24,673	95,647

Due to related parties

	2021 OMR	2020 OMR
Gulf Dunes Tourism LLC - Dubai	**3,548**	-
Desert Adventures Tourism - Jordan	**458**	-
	4,006	-

The key management personnel compensation is as follows:

	2021 OMR	2020 OMR
Short-term employee benefits	**9,685**	13,890
End of service benefits	**-**	-

11 Trade and other payables

	2021	2020
	OMR	OMR
Hotel and other service accruals	**120,994**	28,158
Trade payables	**10,003**	74,968
Advances from customers	**23,522**	26,445
Accruals and other payables		
-Employee accruals	**2,449**	6,610
-Other payables	**5,908**	5,999
	162,876	142,180

12 Employees' end of service benefits

	2021	2020
	OMR	OMR
At 1 January	**6,709**	6,050
Provision during the year	**359**	659
Payments made during the year	**2,598**	-
At 31 December	**4,470**	6,709

13 Share capital

	2021	2020
	OMR	OMR
Authorized, and fully paid up capital		
150,000 shares of OMR 1 each	**150,000**	150,000

14 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.

15 Cash and cash equivalents

	2021	2020
	OMR	OMR
Cash at bank	**48,565**	17,335
Cash in hand	**3,008**	12
	51,573	17,347

16 Contingencies

Guarantees amounting to OMR 5,000 *(2020: OMR 5,000)* were issued in favor of the Company by Bank Muscat. These were issued during the normal course of business.

17 Commitments

The Company does not have any commitments as at 31 December 2021 *(2020: Nil).*

18 Taxes

a) The Company is liable to income tax at the rate of 15% of taxable profits as amended by Royal Decree No.9/2017.

	2021 OMR	2020 OMR
Current year	-	-
Prior years	-	-
Total tax expense for the year	-	-

Reconciliation of tax expense

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:

	2021 OMR	2020 OMR
Loss for the year	**(11,249)**	(72,214)
Income tax at 15%	**(1,687)**	(10,832)
Non-deductible expenses	**386**	977
Unrecorded deferred tax on tax losses	**(3,194)**	9,855
Deferred tax on tax losses expired during the year	**4,495**	-
Taxable expense for the year	-	-

Deferred tax asset has not been recognized on losses as the management believes that sufficient taxable profits will not be available in future.

Status of assessment

The tax returns of the Company for the years 2018 to 2020 has not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. Management is 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 2021.

19 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'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:

	2021	2020
	OMR	OMR
Trade and other receivables *	**58,087**	8,752
Due from related parties	**24,673**	95,647
Cash at bank	**48,565**	17,335
	----------	----------
	131,325	121,734
	======	======

* Prepayments are excluded.

19 Financial risk management (continued)

Credit risk *(continued)*

At 31 December 2021, the Company's exposure of credit risk to trade receivables by geographical region was as follows:

	Gross amount 2021 OMR	Gross amount 2020 OMR
Geographical regions		
Europe	**41,786**	6,211
Middle East	**167**	168
Commonwealth of Independent States	**9,537**	-
Others	**3,161**	569
	---------	---------
Grand total	**54,651**	6,948
	=====	=====

The ageing of trade receivables at the reporting date was:

	Not credit-impaired 2021 OMR	**Credit impaired 2021 OMR**	Not credit-impaired 2020 OMR	Credit impaired 2020 OMR
Not yet due	**-**	**-**	-	-
1-30 days	**38,516**	**-**	-	-
31- 90 days	**10,422**	**-**	-	-
91- 120 days and above	**5,713**	**(5,713)**	6,948	(6,948)
	---------	---------	---------	-------
Total	**54,651**	**(6,948)**	6948	(6,948)
	=====	=====	=====	=====

Impairment losses

Expected credit losses assessment for individual customers as at 31 December 2021.

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise large number of trade balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and industry.

19 Financial risk management (continued)

Credit risk (continued)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Exposure is segmented by geographical region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP.

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:

	Carrying amount OMR	Contractual cash outflows OMR	1 year or less OMR
2021			
Non derivative financial liabilities			
Trade and other payables*	**162,876**	**(162,876)**	**(162,876)**
	======	======	======
2020			
Non derivative financial liabilities			
Trade and other payables*	115,735	(115,735)	(115,735)
	======	======	======

**excluding advances from customers*

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 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 OMR, the Company does not hedge the currency risk in respect of its foreign currency exposure.

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.

20 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 2021, there are no financial instruments carried at fair value by valuation method.

21 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

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.

(a) Impairment losses on receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 19.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including various formulas and choice of inputs
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. The Company's policy is to regularly review its models in the context of actual loss experience and adjust when necessary. Detailed information about the judgments and estimates made by the Company in the above areas is set out in note 19.

(b) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(c) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

21 Use of judgments and estimates (continued)

(d) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract.

The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

22 Impact of Covid 19

The global outbreak of the Covid-19 virus along with instability as cause by geo political situation in CIS has severely affected travel and the business tourism industry globally and Sultanate of Oman is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic and political uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Management has implemented initiatives to mitigate the effect on the business of the Company including cost reduction by reducing the salaries of the employees, diversifying its markets and focusing on local tourism activities. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient financial resources available to continue to meet its financial commitments for the foreseeable future when they become due.

23 Comparatives

Previous year reported figures have been regrouped/reclassified, wherever necessary, to confirm to the current year's presentation. These do not materially impact the reported amount of profit for the year or net assets of the Company.

Gulf Dunes LLC

Financial statements
31 December 2021

Gulf Dunes LLC

Financial statements

31 December 2021

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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 31 December 2021.

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 31 December 2021 are stated below:

Financial highlights	**2021 OMR**	2020 OMR
Net loss	**(10,195)**	(11,162)
Total equity	**85,124**	95,319

Representations and audit

There have been no events subsequent to 31 December 2021, 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
CFO
DMS - Middle East

Peter Payet
CEO
DMS - Middle East

Date: April 27, 2022

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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 2021, 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 2021, 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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 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 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.

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

We report that the financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

28 April 2022

KPMG

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KPMG LLC

Gulf Dunes LLC

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Notes	2021 OMR	2020 OMR
Revenue	*5*	**7,880**	5,348
Direct costs	*6*	**(478)**	(2,882)
Gross profit		**7,402**	2,466
Administrative and general expenses	*7*	**(17,597)**	(13,628)
Loss before tax		**(10,195)**	(11,162)
Tax expense	*16*	**-**	-
Loss for the year		**(10,195)**	(11,162)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(10,195)**	(11,162)

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of financial position

As at 31 December

	Notes	**2021 OMR**	2020 OMR
Assets			
Trade and other receivables	*8*	**6,008**	3,326
Due from related parties	*9*	**92,211**	121,999
Cash at bank	*14*	**686**	5,196
Current assets		**98,905**	130,521
Total assets		**98,905**	130,521
Equity and liabilities			
Equity			
Share capital	*12*	**150,000**	150,000
Statutory reserve	*13*	**3,292**	3,292
Accumulated losses		**(68,168)**	(57,973)
Total equity		**85,124**	95,319
Liabilities			
Employees' end of service benefits	*11*	**1,018**	287
Non-current liability		**1,018**	287
Trade and other payables	*10*	**12,763**	34,803
Due to a related party	*9*	**-**	112
Current liabilities		**12,763**	34,915
Total liabilities		**13,781**	35,202
Total equity and liabilities		**98,905**	130,521

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 December 2021.

These financial statements were authorized for issue on behalf of the Company's Directors on April 27, 2022:

Director

Director

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of cash flows

For the year ended 31 December

	Notes	2021 OMR	2020 OMR
Cash flows from operating activities			
Loss for the year		**(10,195)**	(11,162)
Adjustments for:			
Charge for employees' end of service benefits	*11*	**731**	287
		(9,464)	(10,875)
Changes in:			
- trade and other receivables		**(2,682)**	14,381
- due from related parties		**29,788**	(13,930)
- trade and other payables		**(22,040)**	13,039
- due to related party		**(112)**	112
Net cash (used in) / from operating activities		**(4,510)**	2,727
Net (decrease) / increase in cash and cash equivalents		**(4,510)**	2,727
Cash and cash equivalents at beginning of the year		**5,196**	2,469
Cash and cash equivalents at end of the year	*14*	**686**	5,196

The notes on pages 9 to 26 are an integral part of these financial statements.

The independent auditors' report is set out on pages 2 - 4.

Gulf Dunes LLC

Statement of changes in equity

For the year ended 31 December

	Share Capital OMR	Statutory reserve OMR	Accumulated losses OMR	Total OMR
At 1 January 2020	150,000	3,292	(46,811)	106,481
Total comprehensive income for the year	-	-	-	-
Loss for the year	-	-	(11,162)	(11,162)
At 31 December 2020	150,000	3,292	(57,973)	95,319
At 1 January 2021	**150,000**	**3,292**	**(57,973)**	**95,319**
Total comprehensive income for the year	-	-	-	-
Loss for the year	-	-	(10,195)	(10,195)
At 31 December 2021	**150,000**	**3,292**	**(68,168)**	**85,124**

The notes on pages 9 to 26 form an integral part of these financial statements.

1 Reporting entity

Gulf Dunes LLC “the Company” is a limited liability company registered with the Ministry of Commerce and Industry in the Sultanate of Oman on May 1, 2001 under the commercial registration no. 1684345.

The Company's 70% shares are held by Gulf Dunes LLC for the beneficial interest of Travel Circle Interational Ltd. (“the Parent Company”) and 30% by Hani Bin Juman Ashour Rajab. The Ultimate Parent of the Company is Fairfax Financial Holdings Limited (“the Ultimate Parent Company”), a company registered in Toronto, Ontario, 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 2021, the Company incurred a loss after tax of OMR 10,195 (*2020: OMR 11,162*) and as at 31 December 2021 its accumulated losses amounted to OMR 68,168 (*2020: OMR 57,973*). The conditions indicate existence of events that cast doubt on the Company’s ability to continue as going concern.

The global outbreak of the COVID-19 pandemic has impacted the business, operations and financial results of the Company. Public health efforts to mitigate the impact of the pandemic include government actions such as travel restrictions, limitations on public gatherings and mandatory lockdown. These actions have impacted overall consumer, business confidence and specifically the frequent individual travelers (FIT) and leisure industry in which the Group is providing travel related services. COVID- 19 has severely impacted the entire tourism and leisure industry globally.

The cashflow forecast has been prepared taking into consideration the current financial performance of the Company’s business, financial support provided by the Ultimate Parent Company, and the degree to which it is affected by external factors and other financial and non-financial information available at the time of preparation of such forecasts.

Management as part of its assessment also considered and assessed the financial results and specifically, the cash flow position subsequent to the year end. The overall objective is to maintain the liquidity position of the Company to ensure it has adequate cashflows to meet its financial obligations in the foreseeable future until the disruption on account of COVID-19 is eased. Furthermore, to maintain adequate cashflows and availability of working capital, the Ultimate Parent Company has provided a letter of support confirming that it will be providing all the necessary financial support to the Company in order to meet its working capital obligations in the foreseeable future.

Based on the above, management, Board of Directors and the Ultimate Parent Company are of the view that the Company will continue to have sufficient positive cash flows available in the foreseeable future to meet its liabilities and working capital commitments as and when they fall due in the foreseeable future. Accordingly, it is appropriate to prepare these financial statements as and for the year ended 31 December 2021 on a going concern basis.

2 Basis of accounting

a) Going concern (continued)

Due to the event of COVID 19 pandemic (Note 20), as the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on both financial statements and operations. The Management has projected future cash inflows which resulted in a slowdown in operations and taking necessary cost measures needed to sustain the Company ongoing operations. Management is of the view that the future net cash inflows from operations will be sufficient for the Company to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Furthermore, the shareholders have confirmed their intention to provide financial support to the Company to enable it to continue in operations and to meet its obligations as and when they fall due, for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019.

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.

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.

3 Significant accounting policies

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

Revenue from contract with customers

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 when it transfers control over a service to a customer. This is generally the case on the date of arrival.

Any expected discounts to the customers are estimated and are netted off against transaction price as per the requirements of the accounting standard.

3 Significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

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.

3 Significant accounting policies (continued)

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.

Impairment

Non-derivative financial assets

Financial instruments

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and due from related parties are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

The Company assumes that the credit risk on trade receivables has increased significantly if it is more than 90 days past due i.e. 120 days from the invoice date.

3 Significant accounting policies (continued)

Impairment (continued)

Financial instruments (continued)

The Company considers trade receivables to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

3 Significant accounting policies (continued)

Impairment (continued)

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 recognized whenever the carrying amount of the asset exceeds the recoverable amount. Impairment losses, if any, are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized 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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 recognized.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3 Significant accounting policies (continued)

Leases

At inception of a contract the Company assess whether a contract is or contain a lease. A contract is or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a). The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b). The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c). The Company has the right to direct the use of the asset. The Company has this right when it has the decision -making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
   - The Company has the right to operate the asset; or
   - The Company designed the asset in a way that predetermines how and for what purpose it will be used

At inception or on assessment of a contract that contains a lease component, the Company applies, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Right of use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

3 Significant accounting policies (continued)

Leases (continued)

Lease payments in the measurement of the lease liability comprise the following:

a). fixed payments, including in-substance fixed payments.
b). variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
c). amounts expected to be payable under a residual value guarantee; and
d). the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment's that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. All the lease contracts of the Company are short term contracts hence there is no impact of adoption of IFRS 16 on the Company's financial statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements in the period of initial application:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to IAS 12).

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.

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.

4 Financial risk management *(continued)*

Market risk *(continued)*

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 OMR, 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

	2021 OMR	2020 OMR
Staff salaries and benefits	**9,532**	4,958
Sponsorship fees	**5,348**	6,296
Legal and professional charges	**2,463**	1,943
Miscellaneous expenses	**254**	431
	17,597	13,628

7 Administrative and general expenses *(continued)*

The staff salaries and benefits comprises of:

	2021	2020
	OMR	OMR
Salaries and other related benefits	**8,801**	4,671
Employees' end of service benefits	**731**	287
	9,532	4,958

8 Trade and other receivables

	2021	2020
	OMR	OMR
Prepayments	**2,314**	3,148
Advances to suppliers	**3,694**	-
Other receivables	**-**	178
	6,008	3,326

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 2021 were as follows:

Transactions with related parties

	2021	2020
	OMR	OMR
Staff cost charged to a related party	**8,774**	**-**

Due from a related party

	2021	2020
	OMR	OMR
Gulf Dunes LLC, Dubai	**88,662**	121,999
Muscat Desert Adventures Tourism LLC	**3,549**	**-**
	92,211	**121,999**

Due to a related party

	2021	2020
	OMR	OMR
Muscat Desert Adventures Tourism LLC	-	112

9.1 Related party balance is interest-free and repayable on demand.

10 Trade and other payables

	2021 **OMR**	2020 OMR
Advance from customers	**10,943**	32,210
Accruals and other payables	**1,820**	2,593
	12,763	34,803

11 Employees' end of service benefits

	2021 **OMR**	2020 OMR
Balance at 1 January	**287**	-
Charge for the year	**731**	287
Balance at 31 December	**1,018**	287

12 Share capital

	2021 **OMR**	2020 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 274 of the Commercial Companies Law of 2019, 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 at bank

	2021 **OMR**	2020 OMR
Cash at bank	**686**	5,196

15 Contingent liabilities

The Company had no contingent liabilities at 31 December 2021 (*2020: OMR Nil*).

16 Taxes

a) The Company is liable to income tax at the rate of 15% of taxable profits as amended by Royal Decree No.9/2017.

	2021 OMR	2020 OMR
Current year	-	-
Prior years	-	-
Total tax expense for the year	**-**	-

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) Reconciliation

The following is tax reconciliation of income taxes calculated at applicable tax rate with income tax expense:

	2021 OMR	2020 OMR
Loss for the year	**(10,195)**	(11,162)
Income tax as per rates mentioned above	**(1,529)**	(1,674)
Non-deductible expenses	**969**	1,158
Deferred tax not recognized	**560**	516
Tax expense for the year	**-**	-

c) Status of the tax assessments

The Company's tax assessments for prior years have been finalized till 2017. From 2018 onwards, the tax assessment has not been finalized by the Taxation Authority. Management believes that additional taxes, if any, in respect of the open tax years would not be material to the Company's financial position as at 31 December 2021.

17 Financial instruments

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.

17 Financial instruments (continued)

Credit risk (continued)

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'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:

	2021 OMR	2020 OMR
Trade and other receivables (excluding prepayments and advances to suppliers)	**-**	178
Cash at bank	**686**	5,196
Due from related parties	**92,211**	121,999
	92,897	127,373

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 2021	**Carrying amount OMR**	**Contractual cashflows OMR**	**1 year or less OMR**
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	**1,820**	**(1,820)**	**(1,820)**
Due to a related party	**-**	**-**	**-**
	(1,820)	**(1,820)**	**(1,820)**

31 December 2020	Carrying amount OMR	Contractual cashflows OMR	1 year or less OMR
Non derivative financial liabilities			
Trade and other payables (excluding advances from customers)	2,593	(2,593)	(2,593)
Due to a related party	112	(112)	(112)
	2,705	(2,705)	(2,705)

17 Financial instruments (continued)

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.

18 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.

Fair value hierarchy

As at 31 December 2021, there are no financial instruments carried at fair value by valuation method. Accordingly, fair value hierarchy disclosures are not applicable.

19 Use of judgments and estimates

In the process of applying the entity's accounting policies, which are described in the notes, management has made certain judgment and estimates as mentioned below.

Assumptions and estimation uncertainties

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.

(a) Depreciation method, useful life and residual values of property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property and equipment and no adjustment to the residual lives and remaining useful lives of the assets was considered necessary for the current year.

(b) Revenue recognition timing

Revenue from hotel accommodation (both separate and sold as part of tour package) is recognized when the control is transferred to the customer. The customer gets the control when all the tour related vouchers and travel tickets are issued to them. As per the general practice, the Company issues all the vouchers and travel tickets to the Customer at time of travel of the tour. Hence, the Company fully transfers control of the promised services to the customer once all the vouchers and tickets are issued to the customer at time of travel.

19 Use of judgments and estimates (continued)

(c) Tour Package as single performance obligation

To assess whether the contract contains single performance obligation or multiple performance obligation requires judgment. For sale of tours packages, the promised services within tour packages in nature of hotel accommodation, visas, transfers, meet and greet and excursions, though capable of being distinct are not distinct within the context of the contract.

The objective when assessing whether an entity's promises to transfer goods or services are distinct within the context of the contract is to determine whether the nature of the promise is to transfer each of those goods or services individually, or whether the promise is to transfer a combined item or items to which the promised goods or services are inputs. In sale of tour packages as the obligation is to provide all the services together to the customer hence there is only one single performance obligation.

20 Impact of COVID 19

The global outbreak of the Covid-19 virus has severely affected travel and the business tourism industry globally and Sultanate of Oman is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Management has implemented initiatives to mitigate the effect on the business of the Company including cost reduction by reducing the salaries of the employees and focusing on local tourism activities. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has sufficient financial resources available to continue to meet its financial commitments for the foreseeable future when they become due.