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## INDEPENDENT AUDITOR'S REPORT

### To the Members of MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

#### Report on the Ind AS Financial Statements

##### Opinion

We have audited the accompanying Ind AS financial statements of **MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED ("the Company")** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and 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 and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act, including the state of affairs of the Company as at March 31, 2019, and loss, (changes in equity) and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate

implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

##### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs 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 Ind AS financial statements.

##### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Ind AS Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section

133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- d. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- 1) The Company does not have any pending litigations which would impact its financial position in its Ind AS financial statements

2) The Company did not have any material foreseeable losses on long-term contracts, and there were no derivative contracts.

3) here were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**For Anil Nair & Associates**  
Chartered Accountants  
F R No. 000175S

Place: Chennai  
Date: April 11, 2019

**P. Narayanan**  
Partner  
M No. 201758

**ANNEXURE “A” TO THE AUDITOR’S REPORT**

The Annexure referred to in Independent Auditor’s Report to the members of the Company on the Ind AS financial statements for the year ended on 31<sup>st</sup> March, 2019. We report that:

1. The Company does not carry any fixed assets in its books. Accordingly, reporting under Paragraph 3(i)(a),(b) and (c) of the Order does not arise.
2. The Company does not carry any Inventory in its books. Accordingly, reporting under Paragraph 3(ii) of the Order is not applicable to the Company.
3. According to the information and explanations given to us, the Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act 2013.
4. In our opinion, and according to the information and explanations given to us, the Company does not provide any loans and investments that has to be complied with the provisions of section 185 and 186 of the Act.
5. The Company has not accepted any deposits from public
6. The Central Government has not prescribed the maintenance of Cost Records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including income tax, sales tax, value added tax, service tax, goods & service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax duty of customs, service tax, goods & service tax, cess and other material statutory dues were in arrears as March 31, 2019 for a period of more than six months from the date they became payable.
8. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
9. According to the information and explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
10. According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanation given to us and based on our examination of records of the Company, the company has not paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section-197 read with Schedule- V of the Act for the year ended March 31, 2019.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. According to Paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanation given to us and based on our examination of records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanation given to us and based on our examination of records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Anil Nair and Associates**  
Chartered Accountants  
F R.No.000175S

**P. Narayanan**  
Partner  
M. No. 201758

Place: Chennai  
Date: April 11, 2019

## ANNEXURE “B” TO THE AUDITOR’S REPORT

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Mahindra Hotels & Residencies India Limited (“the Company”) as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Anil Nair and Associates**  
Chartered Accountants  
F R No. 000175S

**P. Narayanan**  
Partner  
M. No. 201758

Place: Chennai  
Date: April 11, 2019

**BALANCE SHEET AS AT MARCH 31, 2019**

Particulars	Note	In Rs.	
		As At March 31, 2019	As At March 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	2	<u>1,55,368</u>	<u>2,94,895</u>
		<u>1,55,368</u>	<u>2,94,895</u>
		<u>1,55,368</u>	<u>2,94,895</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds:</b>			
Share Capital	3	<u>5,00,000</u>	<u>5,00,000</u>
Reserves and Surplus	4	<u>(17,77,569)</u>	<u>(16,01,518)</u>
		<u>(12,77,569)</u>	<u>(11,01,518)</u>
<b>Non-Current Liabilities</b>			
Other Long term Liabilities	5	<u>7,40,333</u>	<u>7,40,333</u>
<b>Current Liabilities</b>			
Short term borrowings	6	<u>6,36,531</u>	<u>5,93,219</u>
Other Current Liabilities	7	<u>56,074</u>	<u>62,862</u>
		<u>6,92,605</u>	<u>6,56,081</u>
		<u>1,55,368</u>	<u>2,94,895</u>

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2019

**For and on behalf of the Board of Directors****Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2019

**Dhanraj Mulki**

Director

DIN: 08321516

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	Note	In Rs.	
		Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Revenue:</b>			
Revenue from operations		-	-
Other Income		-	11,236
<b>Total Revenue</b>		-	11,236.12
<b>Expenses:</b>			
Finance Costs	8	48,125	33,901
Other Expenses	9	1,27,926	83,548
<b>Total Expenses</b>		1,76,051	1,17,449
<b>Profit Before Tax</b>		(1,76,051)	(1,06,213)
<b>Less: Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Profit/(Loss) for the Year</b>		(1,76,051)	(1,06,213)
<b>Significant Accounting Policies</b>	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2019

**For and on behalf of the Board of Directors**

**Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2019

**Dhanraj Mulki**

Director

DIN: 08321516

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	In Rs.	
	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>A Cash Flow from Operating Activities:</b>		
Profit before exceptional items and tax	(1,76,051)	(1,06,213)
<b>Adjustments:</b>		
Finance costs	48,125	33,901
<b>Operating profit before working capital changes</b>	<b>(1,27,926)</b>	<b>(72,312)</b>
<b>Changes in working capital:</b>		
Other Current Liabilities	(6,788)	(9,704)
Income tax	-	-
<b>Net Cash (used in)/from Operating Activities</b>	<b>(1,34,715)</b>	<b>(82,015)</b>
<b>B Cash Flow from Investing Activities:</b>		
<b>Net Cash (used in)/from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from borrowings	43,313	3,00,000
Profit before exceptional items and tax	(48,125)	(33,901)
<b>Net Cash (used in)/from Financing Activities</b>	<b>(4,813)</b>	<b>2,66,099</b>
<b>Net increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,39,527)</b>	<b>1,84,083</b>
<b>Cash and Cash Equivalents:</b>		
Opening Balance	2,94,895	1,10,812
Closing Balance	1,55,368	2,94,895
	<b>(1,39,527)</b>	<b>1,84,083</b>

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

**For Anil Nair & Associates**

Chartered Accountants

Firm Regn No.: 000175S

**P. Narayanan**

Partner

Membership No.: 201758

Place : Chennai

Date : April 11, 2019

**For and on behalf of the Board of Directors****Akhila Balachandar**

Director

DIN: 07676670

Place : Mumbai

Date : April 11, 2019

**Dhanraj Mulki**

Director

DIN: 08321516



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 1 Corporate Information

The Company was incorporated on April 26, 2007 and has not yet commenced commercial operations.

### 2 Significant accounting policies

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles in India (previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

#### (ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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 principal accounting policies are set out below.

#### (iii) Revenue recognition

The Company had not commenced commercial operations during the year ended March 31, 2019.

#### (iv) Taxation

Since the Company did not have any commercial operations during the year, the question of income tax / deferred tax does not arise.

#### (v) Property, plant and equipment

There were no fixed assets in the Company during the year ended March 31, 2018.

#### (vi) 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (vii) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Classification of financial assets

##### Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A debt instrument that meets the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

## Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

## De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

## Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

## Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

## De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

## (viii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future

cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

## (ix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

## 2 Cash and Cash Equivalents

Particulars	In Rs.	
	As at March 31, 2019	As at March 31, 2018
Cash on hand	-	-
<b>Balances with Banks</b>		
On Current Account	1,55,368	2,94,895
	<u>1,55,368</u>	<u>2,94,895</u>

## 3 Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Rs.	No. of Shares	Rs.
<b>Authorised:</b>				
50,000 Equity Shares of Rs. 10 each	50,000	5,00,000	50,000	5,00,000
<b>Issued, Subscribed and Fully Paid up:</b>				
<b>Equity</b>				
50,000 Equity Shares of Rs. 10 each	50,000	5,00,000	50,000	5,00,000
	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>

## Notes:

- 1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity share is entitled to one vote per share.
- 2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 3 Reconciliation of No. of Shares and amount outstanding at the beginning and at the end of the reporting period:

MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year	-	-	-	-
At the end of the year	50,000	5,00,000	50,000	5,00,000

4 Shares in the company held by each shareholder holding more than 5% shares specifying the no. of shares held

Name of the Shareholder	No. of Shares	% held as at	No. of Shares	% held as at
	March 31, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Mahindra Holidays & Resorts India Limited	49,994	99.99%	49,994	99.99%

4 Reserves and Surplus

Particulars	In Rs.	
	As at March 31, 2019	As at March 31, 2018
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
As per last balance sheet	(16,01,518)	(14,95,305)
Add: Profit / (Loss) for the year	(1,76,051)	(1,06,213)
	<u>(17,77,569)</u>	<u>(16,01,518)</u>

5 Other Long term Liabilities

Particulars	In Rs.	
	As at March 31, 2019	As at March 31, 2018
Due to Holding Company - MHRIL	7,40,333	7,40,333
	<u>7,40,333</u>	<u>7,40,333</u>

6 Short term borrowings

Particulars	In Rs.	
	As at March 31, 2019	As at March 31, 2018
Due to Holding Company - MHRIL	5,50,000	5,50,000
Interest accrued on ICD from MHRIL	86,531	43,219
	<u>6,36,531</u>	<u>5,93,219</u>

7 Other Current Liabilities

Particulars	In Rs.	
	As at March 31, 2019	As at March 31, 2018
Audit Fee Payable	35,000	34,350
Other Expenses Payable	20,324	24,664
TDS Payable	750	3,848
	<u>56,074</u>	<u>62,862</u>

8 Finance Costs

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
Interest on ICD	48,125	33,901
	<u>48,125</u>	<u>33,901</u>

9 Other Expenses

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
Rates & Taxes	43,256	-
Legal and Professional Charges	49,670	48,985
Auditors' Remuneration	35,000	34,350
Misc. Expenses	-	150
Interest on tax	-	63
	<u>1,27,926</u>	<u>83,548</u>

10 Earnings per Share

Particulars	In Rs.	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Basic and Diluted Earnings per share</b>	(3.52)	(2.12)
Profits used in the calculation of basic earnings per share and diluted earnings per share	(1,76,051)	(1,06,213)
Weighted average number of equity shares	50,000	50,000
Earnings per share - Basic and Diluted	(3.52)	(2.12)

11 Categories of financial assets and financial liabilities

Particulars	In Rs.	
	As at March 31, 2019	
	Amortised Costs	Total
<b>Current Assets</b>		
Cash & Bank balances	1,55,368	1,55,368
<b>Current Liabilities</b>		
Borrowings	6,36,531	6,36,531
Trade Payables	7,40,333	7,40,333

Particulars	In Rs.	
	As at March 31, 2018	
	Amortised Costs	Total
<b>Current Assets</b>		
Cash & Bank balances	2,94,895	2,94,895
<b>Current Liabilities</b>		
Borrowings	5,93,219	5,93,219
Trade Payables	7,40,333	7,40,333

**12 Fair Value Measurement**

**Fair value of financial assets and financial liabilities that are not measured at fair value**

The fair value of the financial assets and financial liabilities that are not measured at fair value is closely approximates the carrying value as disclosed below:

	March 31, 2019		March 31, 2018	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial liabilities</b>				
Cash and Cash Equivalents	1,55,368	1,55,368	2,94,895	2,94,895
<b>Financial liabilities</b>				
Borrowings	6,36,531	6,36,531	5,93,219	5,93,219
Trade Payables	7,40,333	7,40,333	7,40,333	7,40,333
<b>Total</b>	<b>13,76,864</b>	<b>13,76,864</b>	<b>13,33,552</b>	<b>13,33,552</b>

**13 Segment information**

The Company did not commence commercial operations during the year ended March 31, 2019. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

**14 Related Party Transactions**

**(i) Names of related parties and nature of relationship where control exists:**

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

**(ii) Related Party Transactions and balances**

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
<b>Holding company</b>		
<b>Transactions during the year:</b>		
Interest accrued on ICD	48,125	33,901
ICD Aailed	-	3,00,000
<b>Holding company</b>		
<b>Balances as at:</b>		
Trade Payables	7,40,333	7,40,333
ICD Outstanding	5,50,000	2,50,000
Interest accrued but not due on ICD	86,531	43,219
<b>Ultimate Holding company</b>		
<b>Balances as at:</b>		
Other Payables	-	10,305

15 Previous year figures have been regrouped/reclassified to correspond with current year's classification/disclosure, wherever deemed necessary.

**For Anil Nair & Associates**

Chartered Accountants  
Firm Regn No.: 000175S

**P. Narayanan**

Partner  
Membership No.: 201758

Place : Chennai  
Date : April 11, 2019

**For and on behalf of the Board of Directors**

**Akhila Balachandar**  
Director  
DIN: 07676670

**Dhanraj Mulki**  
Director  
DIN: 08321516

Place : Mumbai  
Date : April 11, 2019

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF GABLES PROMOTERS PRIVATE LIMITED

We have audited the accompanying Standalone Ind AS Financial Statements of **Gables Promoters Private Limited ("the Company")**, which comprise of Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss, Cash flow Statement for the year ended on that date, and notes to the Standalone Ind AS financial statement including a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "Standalone Ind AS Financial Statements")

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31st March, 2019, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements:-

As required by 'the Companies (Auditor's Report) Order, 2016', as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2019 from being appointed as director in terms Section 164 (2) of the Act.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- (f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Sukhdeep Singh Arora & Associates,**  
Chartered Accountants  
*Firm Registration No.024705N*

**(Sukhdeep Singh Arora)**  
Prop.  
*M.No. 515979*

Place: Chandigarh  
Date: 07/05/2019

## **“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GABLES PROMOTERS PRIVATE LIMITED**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

I have audited the internal financial controls over financial reporting of Gables Promoters Private Limited (“the Company”) as of March 31, 2019 in conjunction with my audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

My responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the Standalone Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For Sukhdeep Singh Arora & Associates,**  
Chartered Accountants  
Firm Registration No.024705N

**(Sukhdeep Singh Arora)**  
Prop.  
M.No. 515979

Place: Chandigarh  
Date: 07/05/2019

## ANNEXURE TO THE AUDITOR'S REPORT RE : M/S GABLES PROMOTERS PRIVATE LIMITED

(Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

- (i) (a) The Company has maintained proper records showing full particulars including Quantative details and situation of its fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals and no Major Material discrepancies were noticed during such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of Inventories: As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no major material discrepancies were noticed on physical verification. However no such report to verify the same has been made available.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed /covered in the register maintained under section 189 of the Companies Acts, 2013. Therefore, the provisions of Clause 3(a) to 3(c) of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has compiled with the provisions of Sections 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits during the year and has not contravened the provisions of section 73 to 76 and any other provision of the companies act and rules framed there under.
- (vi) According to the information and explanations given to us by the Company Directors, that the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) (a) The company is regular in depositing the statutory dues in respect of TDS, Service Tax & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.
- (b) According to the information and explanations given to us, no dues in case of GST/ Income tax/custom tax / excise duty/ cess /Value Added Tax/WCT have been outstanding on account of dispute with the concerned department.
- (viii) The company has taken a Term Loan loans amounting to Rs. 65.00 Crore from Kotak Mahindra Bank against Naldhera Property in 2016-2017(F.Y). The amount Standing as on 31/03/2019 is Rs. 55.67 Cr (including Interest) . The loan has been repayable with in 7 years (fully repayable by 2023-2024) including moratorium of 2 year from the date of first drawdown .The loan has been taken for the purpose of construction of Resort / Hotels at Naldhera, HP.
- (ix) The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans during the year under audit. The company has utilized its term loan (sanctioned during the year 2016-2017) for the purpose it was taken. During the Year Company has taken/accepted Inter Corporate deposited from its holding company amounting to Rs.16.00 Cr @ 8.75% Pa.
- (x) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) it has been told that Company has paid & provided the Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 read with Schedule V to the Companies Act.
- (xii) Not Applicable, as the company is not a Nidhi Company.
- (xiii) All the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial Statements vide Note No.28, as required by the applicable standards.
- (xiv) According to the information and explanations given to us, the Companies has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Companies has not entered into non-cash transactions with directors or persons connected with him during the year under review. Hence provisions of section 192 of Companies Act, 2013 has not been applicable.
- (xvi) According to the information and explanations given to us, the Companies is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SUKHDEEP SINGH ARORA & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 024705N

**(SUKHDEEP SINGH ARORA)**

Prop.  
Membership Number : 515979

Place: Chandigarh  
Date: 7/05/2019



**BALANCE SHEET AS ON MARCH 31, 2019**

Particulars	Note No.	In Rs.	
		As At March 31, 2019	As At March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	1,617,481,557	1,362,026,642
Capital work-in-progress		1,713,966	–
Financial Assets			
Loans	4	200,000	50,000
Other non-current tax assets	5	13,341,997	3,391,103
Other non-current assets	6	1,782,731	3,086,353
		<u>1,634,520,251</u>	<u>1,368,554,098</u>
<b>Current assets</b>			
Inventories	7	1,444,724	881,622
Financial Assets			
Trade Receivables	8	8,627,211	2,582,436
Cash and cash equivalents	9	12,167,584	11,559,814
Other current assets	10	7,656,534	7,815,535
		<u>29,896,053</u>	<u>22,839,407</u>
		<u>1,664,416,304</u>	<u>1,391,393,505</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	11	650,000,000	650,000,000
Other Equity	12	186,189,258	(35,498,964)
		<u>836,189,258</u>	<u>614,501,036</u>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	426,692,903	654,674,205
Others	14	24,521,141	43,599,410
Deferred Tax Liabilities	15	62,816,000	–
		<u>514,030,044</u>	<u>698,273,615</u>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	16	165,832,355	–
Trade payables	17	–	–
Total outstanding dues of micro enterprises and small enterprises		73,116	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,683,350	8,192,575
Others	18	134,683,922	63,355,636
Other current liabilities	19	924,260	7,070,643
		<u>314,197,003</u>	<u>78,618,854</u>
		<u>1,664,416,304</u>	<u>1,391,393,505</u>

See accompanying notes to the financial statements

**In terms of our report attached.****For Sukhdeep Singh Arora & Associates**

Chartered Accountants

Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor

Membership Number: 515979

Place: Chandigarh

Date: 07/05/2019

**For and on behalf of the Board of Directors****Ram Narayan Mundra**

Director

DIN: 06470969

**Akhila Balachandar**

Director

DIN: 07676670

**Narender Pratap Singh**

CFO

**Pratiksha Mangaonkar**

Company Secretary

Place: Mumbai

Date: 07/05/2019

**Balamurugan PS**

Manager

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019**

<b>Particulars</b>	<b>Note No.</b>	<b>In Rs.</b>	
		<b>Year Ended March 31, 2019</b>	<b>Year Ended March 31, 2018</b>
<b>REVENUE</b>			
Revenue from operations	20	<b>178,079,283</b>	64,532,056
<b>Total Revenue</b>		<b>178,079,283</b>	<b>64,532,056</b>
<b>EXPENSES</b>			
Employee benefit expense	21	<b>28,168,648</b>	13,740,635
Finance Charges	22	<b>60,061,775</b>	-
Depreciation and amortisation expense	3	<b>50,059,862</b>	32,081,433
Other expenses	23	<b>57,284,777</b>	45,901,611
<b>Total Expenses</b>		<b>195,575,061</b>	<b>91,723,679</b>
<b>Profit/(loss) before tax</b>		<b>(17,495,778)</b>	<b>(27,191,623)</b>
<b>Tax Expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) after tax for the period</b>		<b>(17,495,778)</b>	<b>(27,191,623)</b>
<b>Profit/(loss) for the period</b>		<b>(17,495,778)</b>	<b>(27,191,623)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Freehold land revaluation		<b>302,000,000</b>	-
Income taxes related to items that will not be reclassified to profit or loss		<b>(62,816,000)</b>	-
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>239,184,000</b>	-
<b>Total comprehensive income for the period</b>		<b>221,688,222</b>	<b>(27,191,623)</b>
<b>Earnings per equity share:</b>			
Basic and Diluted	24	<b>(0.27)</b>	<b>(0.42)</b>

See accompanying notes to the financial statements

**In terms of our report attached.****For Sukhdeep Singh Arora & Associates**Chartered Accountants  
Firm Registration No. 024705N**Sukhdeep Singh Arora**Proprietor  
Membership Number: 515979Place: Chandigarh  
Date: 07/05/2019**For and on behalf of the Board of Directors****Ram Narayan Mundra**  
Director  
DIN: 06470969**Akhila Balachandar**  
Director  
DIN: 07676670**Narender Pratap Singh**  
CFO**Pratiksha Mangaonkar**  
Company SecretaryPlace: Mumbai  
Date: 07/05/2019**Balamurugan PS**  
Manager

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

<b>Particulars</b>	<b>In Rs.</b>	
	<b>Year Ended March 31, 2019</b>	<b>Year Ended March 31, 2018</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
loss before tax for the year	(17,495,778)	(27,191,623)
Adjustments for:		
Finance Cost	60,061,775	-
Depeciation	50,059,862	32,081,433
Movements in working capital:		
(Increase)/decrease in other assets	(15,246,149)	(7,590,673)
Increase/(decrease) in trade and other payables	50,668,093	66,608,623
Cash generated from operations	128,047,803	63,907,760
Income taxes paid	-	-
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>128,047,803</b>	<b>63,907,760</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(3,515,344)	(1,265,708,065)
Capital work in progress	(1,713,966)	906,320,928
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(5,229,311)</b>	<b>(359,387,137)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Equity Share Capital	-	153,214,000
Proceeds from borrowings	(62,148,947)	142,674,205
Finance cost	(60,061,775)	-
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(122,210,722)</b>	<b>295,888,205</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>607,770</b>	<b>408,828</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11,559,814</b>	<b>11,150,986</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>12,167,584</b>	<b>11,559,814</b>

See accompanying notes forming part of the financial statements

**In terms of our report attached.****For Sukhdeep Singh Arora & Associates**

Chartered Accountants

Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor

Membership Number: 515979

Place: Chandigarh

Date: 07/05/2019

**For and on behalf of the Board of Directors****Ram Narayan Mundra**

Director

DIN: 06470969

**Akhila Balachandar**

Director

DIN: 07676670

**Narender Pratap Singh**

CFO

**Pratiksha Mangaonkar**

Company Secretary

Place: Mumbai

Date: 07/05/2019

**Balamurugan PS**

Manager

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

## Statement of Changes in Equity

Particulars				In Rs.
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total
	Equity Share Capital	Retained Earnings	Revaluation Reserve	
<b>Balance at the beginning of the reporting year - April 1, 2018</b>	650,000,000	(35,498,964)	–	614,501,036
Profit/(Loss) for the year	–	(17,495,778)	–	(17,495,778)
Additions during the year	–	–	–	–
Freehold land revaluation	–	–	239,184,000	239,184,000
<b>Balance at the end of the reporting year - March 31, 2019</b>	<u>650,000,000</u>	<u>(52,994,742)</u>	<u>239,184,000</u>	<u>836,189,258</u>

Particulars				In Rs.
	Share Capital	Reserves & Surplus	Other Comprehensive Income	Total
	Equity Share Capital	Retained Earnings	Revaluation Reserve	
<b>Balance at the beginning of the reporting year - April 1, 2017</b>	496,786,000	(8,307,341)	–	488,478,659
Profit/(Loss) for the year	–	(27,191,623)	–	(27,191,623)
Additions during the year	–	–	–	–
Fresh Issue of shares	153,214,000	–	–	153,214,000
<b>Balance at the end of the reporting year - March 31, 2018</b>	<u>650,000,000</u>	<u>(35,498,964)</u>	<u>–</u>	<u>614,501,036</u>

In terms of our report attached.

**For Sukhdeep Singh Arora & Associates**

*Chartered Accountants*

*Firm Registration No. 024705N*

**Sukhdeep Singh Arora**

*Proprietor*

*Membership Number: 515979*

Place: Chandigarh

Date: 07/05/2019

**For and on behalf of the Board of Directors**

**Ram Narayan Mundra**

*Director*

*DIN: 06470969*

**Akhila Balachandar**

*Director*

*DIN: 07676670*

**Narender Pratap Singh**

*CFO*

**Pratiksha Mangaonkar**

*Company Secretary*

Place: Mumbai

Date: 07/05/2019

**Balamurugan PS**

*Manager*

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 Corporate Information

The Company was incorporated on January 9, 2012 (CIN:U45209CH2012PTC033473) and is in the principle business of construction, maintenance & running of hotels, resorts, shopping malls, buildings and other commercial & residential apartments.

### 2 Significant accounting policies

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

#### (ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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 principal accounting policies are set out below.

#### (iii) Revenue recognition

Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

#### (iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

#### (v) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period. Since the company has commenced operations during the current year and has not generated any profit before tax, current tax is Nil.

#### (vi) Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is measured at fair value and not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Buildings (other than those mentioned below)	60 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### (vii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### (viii) 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (xi) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Classification of financial assets

##### Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

##### Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

#### De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

#### Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

#### De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

#### (ix) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

#### (x) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2019

## Note No. 3 - Tangible Assets

Description of Assets							In Rs.
	Land - Freehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
<b>I. Gross Block</b>							
Balance as at 1 April, 2018	128,400,010	983,332,000	160,990,000	3,154,000	113,472,000	4,760,000	1,394,108,010
Additions	-	-	1,675,000	384,344	865,000	591,000	3,515,344
Revaluation	302,000,000	-	-	-	-	-	302,000,000
Others	-	383	(582)	117	521	(375)	64
<b>Balance as at 31 Mar, 2019</b>	<b>430,400,010</b>	<b>983,332,383</b>	<b>162,664,418</b>	<b>3,538,462</b>	<b>114,337,521</b>	<b>5,350,625</b>	<b>1,699,623,418</b>
<b>II. Accumulated depreciation</b>							
Balance as at 1 April, 2018	-	10,078,000	10,928,000	1,186,000	9,434,000	456,000	32,082,000
Depreciation / amortisation expense for the year	-	16,388,389	18,657,421	500,333	13,864,896	648,822	50,059,862
<b>Balance as at 31 Mar, 2019</b>	<b>-</b>	<b>26,466,389</b>	<b>29,585,421</b>	<b>1,686,333</b>	<b>23,298,896</b>	<b>1,104,822</b>	<b>82,141,862</b>
<b>Net block (I-II)</b>							
Balance as at 31 Mar, 2019	430,400,010	956,865,994	133,078,997	1,852,129	91,038,624	4,245,803	1,617,481,556
Balance as at 31 Mar, 2018	128,400,010	973,254,867	150,061,612	1,968,405	104,038,293	4,303,455	1,362,026,642

Description of Assets							In Rs.
	Land - Freehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
<b>I. Gross Block</b>							
Balance as at 1 April, 2017	128,400,010	-	-	-	-	-	128,400,010
Additions	-	983,332,383	160,989,520	3,154,157	113,472,123	4,759,882	1,265,708,065
Disposals	-	-	-	-	-	-	-
<b>Balance as at 31 Mar, 2018</b>	<b>128,400,010</b>	<b>983,332,383</b>	<b>160,989,520</b>	<b>3,154,157</b>	<b>113,472,123</b>	<b>4,759,882</b>	<b>1,394,108,075</b>
<b>II. Accumulated depreciation</b>							
Balance as at 1 April, 2017	-	-	-	-	-	-	-
Depreciation / amortisation expense for the year	-	10,077,516	10,927,908	1,185,752	9,433,830	456,427	32,081,433
Eliminated on disposal of assets	-	-	-	-	-	-	-
<b>Balance as at 31 Mar, 2018</b>	<b>-</b>	<b>10,077,516</b>	<b>10,927,908</b>	<b>1,185,752</b>	<b>9,433,830</b>	<b>456,427</b>	<b>32,081,433</b>
<b>Net block (I-II)</b>							
Balance as at 31 Mar, 2018	128,400,010	973,254,867	150,061,612	1,968,405	104,038,293	4,303,455	1,362,026,642
Balance as at 31 Mar, 2017	128,400,010	-	-	-	-	-	128,400,010

## Note No. 4 - Financial assets - Non-Current - Loans

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Deposits	200,000	50,000
	<b>200,000</b>	<b>50,000</b>

## Note No. 5 - Other Non-Current Tax Assets

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Advance Income tax (Net of provisions up to the reporting date)	13,341,997	3,391,103
	<b>13,341,997</b>	<b>3,391,103</b>

**Note No. 6 - Other assets - Non-Current**

	As At March 31, 2019	In Rs. As At March 31, 2018
Capital Advances	1,782,731	3,086,353
	<u>1,782,731</u>	<u>3,086,353</u>

**Note No. 7 - Inventories  
(At lower of cost and net realisable value)**

	As At March 31, 2019	In Rs. As At March 31, 2018
Food and beverages	1,444,724	881,622
	<u>1,444,724</u>	<u>881,622</u>

**Note No. 8 - Trade Receivables**

	As At March 31, 2019	In Rs. As At March 31, 2018
Trade Receivables considered good- Unsecured...	8,627,211	2,582,436
	<u>8,627,211</u>	<u>2,582,436</u>

**Note No. 9 - Cash and Bank Balances**

	As At March 31, 2019	In Rs. As At March 31, 2018
Cash and cash equivalents		
Cash on hand	781,695	252,932
Balances with banks	11,385,889	11,306,882
	<u>12,167,584</u>	<u>11,559,814</u>

**Note No. 10 - Other assets - Current**

	As At March 31, 2019	In Rs. As At March 31, 2018
Balances with government authorities (other than income taxes)	3,863,469	6,245,618
Prepaid Expenses	2,115,746	1,543,407
Advance to suppliers	1,677,320	26,510
	<u>7,656,534</u>	<u>7,815,535</u>

**Note No. 11 - Equity Share Capital**

	As At March 31, 2019		As At March 31, 2018	
	No. of shares	Rs.	No. of shares	Rs.
<b>Authorised:</b>				
Equity shares of Rs. 10 each with voting rights	65,000,000	650,000,000	65,000,000	650,000,000
<b>Issued, Subscribed and Fully Paid:</b>				
Equity shares of Rs. 10 each with voting rights	65,000,000	650,000,000	65,000,000	650,000,000
	<u>65,000,000</u>	<u>650,000,000</u>	<u>65,000,000</u>	<u>650,000,000</u>

## 9.1 a) Terms/rights attached to equity shares:

- i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.
- ii) Repayment of capital will be in proportion to the number of equity shares held.

## 9.1 b) Shares in the Company held by Holding Company and each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No. of shares	% held as at 31-Mar-19	No. of shares	% held as at 31-Mar-18
Mahindra Holidays & Resorts India Limited (Holding Company)	65,000,000	100.00%	65,000,000	100.00%

## 9.1 c) The reconciliation of the number of shares outstanding as at March 31, 2019, March 31, 2018 is set out below:-

Particulars	As at 31-Mar-19		As at 31-Mar-18	
	No. of Shares	In Rs.	No. of Shares	In Rs.
Number of shares at the beginning	65,000,000	650,000,000	49,678,600	496,786,000
Add: Issued during the year	-	-	15,321,400	153,214,000
Number of shares at the end	<u>65,000,000</u>	<u>650,000,000</u>	<u>65,000,000</u>	<u>650,000,000</u>

During the previous year the Company had raised its authorised share capital (duly approved by the Board/ Shareholders) from Rs. 60 crores to Rs. 65 Crores, The Company also issued 1,53,21,400 Nos. of equity shares @ 10 /- each to its Holding Company Mahindra Holidays & Resorts India Limited during the previous year.

**Note No. 12 - Other Equity**

	As At March 31, 2019	As At March 31, 2018
Retained earnings	(52,994,742)	(35,498,964)
Revaluation reserve	239,184,000	-
<b>Balance at the end of the reporting period- March 31,2018</b>	<u>186,189,258</u>	<u>(35,498,964)</u>

Revaluation Reserve: The revaluation reserve is credited on account of revaluation of Freehold land.

**Note No. 13 - Borrowings Non-current**

	As At March 31, 2019	As At March 31, 2018
<b>Secured Borrowings</b>		
Loans from banks	426,692,903	654,674,205
	<u>426,692,903</u>	<u>654,674,205</u>

Loans from banks are secured by a hypothecation of current assets of the Company and mortgage of immovable property of the company. This loan is repayable by 2023 - 2024 and carries an interest rate @ 6M MCLR + 0.10%.



**Note No. 14 - Other Financial Liabilities - Non-current**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
<b>Other Financial Liabilities Measured at Amortised Cost</b>		
Retention Money	24,521,141	43,599,410
	<u>24,521,141</u>	<u>43,599,410</u>

**Note No. 15 - Deferred tax liabilities**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
<b>Tax effect of items constituting deferred tax liabilities</b>		
Revaluation of freehold land	62,816,000	-
	<u>62,816,000</u>	<u>-</u>

**Note No. 16 - Borrowings - Current**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
<b>Unsecured Borrowings</b>		
Loans from related parties (refer note 28)	165,832,355	-
	<u>165,832,355</u>	<u>-</u>

This Loan carries an interest rate @ 8.75% per annum.

**Note No. 17 - Trade Payables**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Total outstanding dues of micro enterprises and small enterprises	73,116	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,683,350	8,192,575
	<u>12,683,350</u>	<u>8,192,575</u>

**Note No. 18 - Other Financial Liabilities - Current**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Employee payables	387,527	259,484
Current maturities of long term borrowings	130,000,000	-
Other payables (including Capital Creditors)	4,296,395	63,096,152
	<u>134,683,922</u>	<u>63,355,636</u>

**Note No. 19 - Other Current Liabilities**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Statutory dues		
- taxes payable (other than income taxes)	924,260	7,070,643
	<u>924,260</u>	<u>7,070,643</u>

**Note No. 20 - Revenue from Operations**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Income from resorts:		
Room Rentals	119,849,592	40,608,154
Food and Beverages	47,073,427	20,232,996
Wine and liquor	1,534,047	373,451
Holiday Activity	4,390,775	2,044,420
Others	5,231,441	1,273,035
	<u>178,079,283</u>	<u>64,532,056</u>

**Note No. 21 - Employee Benefits Expense**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Salaries and wages, including bonus	28,168,648	13,740,635
	<u>28,168,648</u>	<u>13,740,635</u>

**Note No. 22 - Finance Costs**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Interest expense - Banks	53,581,381	-
Interest expense - Borrowings from related party	6,480,394	-
	<u>60,061,775</u>	<u>-</u>

**Note No. 23 - Other Expenses**

	In Rs.	
	As At March 31, 2019	As At March 31, 2018
Cost of food and beverages consumed		
Opening stock	881,622	-
Add: Purchases	12,303,486	6,907,729
Less: Closing stock	1,444,724	881,622
	<u>12,866,588</u>	<u>7,789,351</u>

	As At March 31, 2019	In Rs. As At March 31, 2018
Operating Supplies	9,302,609	18,623,745
Power and Fuel	16,854,069	11,377,646
Rates and taxes	1,158,584	880,234
Travelling expenses	2,144,968	516,371
Auditors remuneration and out-of-pocket expenses		
For Statutory audit	90,000	90,000
For Tax audit	35,000	35,000
Director's Fees	80,000	101,000
Consultancy Charges	98,200	905,935
<b>Repairs and maintenance</b>		
Buildings	636,374	16,139
Plant & equipment	586,563	135,199
Others	3,738,675	1,751,159
Communication	271,231	142,414
Printing and Stationary	590,997	736,572
Insurance	1,549,811	821,875
Service Charges	1,912,722	843,875
Miscellaneous	5,368,387	1,135,096
	<b>57,284,777</b>	<b>45,901,611</b>

**Note No. 24 - Earnings Per Share**

	For the year ended 31 Mar 2019	In Rs. For the year ended 31 March, 2018
<b>Basic and Diluted Earnings per share</b>	<b>(0.27)</b>	<b>(0.42)</b>

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	(17,495,778)	(27,191,623)
Weighted average number of equity shares	65,000,000	65,000,000
Earnings per share from continuing operations - Basic and Diluted	<b>(0.27)</b>	<b>(0.42)</b>

**Note No. 25 - Categories of financial assets and financial liabilities**

	As at March 31, 2019	In Rs. As At March 31, 2018
	Amortised Cost	Total
<b>Non- Current Assets</b>		
Loans	200,000	200,000
<b>Current Assets</b>		
Trade Receivables	8,627,211	8,627,211

	As at March 31, 2019	In Rs. As at March 31, 2019
	Amortised Cost	Total
Cash & Bank balances	12,167,584	12,167,584
<b>Non-current Liabilities</b>		
Borrowings	426,692,903	426,692,903
Other Financial Liabilities		
- Non Derivative Financial Liabilities	24,521,141	24,521,141
<b>Current Liabilities</b>		
Borrowings	165,832,355	165,832,355
Trade Payables	12,756,466	12,756,466
Other Financial Liabilities		
- Non Derivative Financial Liabilities	134,683,922	134,683,922
	As at March 31, 2018	
	Amortised Cost	Total
<b>Non- Current Assets</b>		
Loans	50,000	50,000
<b>Current Assets</b>		
Trade Receivables	2,582,436	2,582,436
Cash & Bank balances	11,559,814	11,559,814
<b>Non-current Liabilities</b>		
Borrowings	654,674,205	654,674,205
Other Financial Liabilities		
- Non Derivative Financial Liabilities	43,599,410	43,599,410
<b>Current Liabilities</b>		
Trade Payables	8,192,575	8,192,575
Other Financial Liabilities		
- Non Derivative Financial Liabilities	63,355,636	63,355,636

**Note No. 26 - Fair Value Measurement****Fair value of financial assets and financial liabilities that are not measured at fair value**

The fair value of the financial assets and financial liabilities that are not measured at fair value closely approximates the carrying value as disclosed below:

	31-Mar-19		31-Mar-18	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans	200,000	200,000	50,000	50,000
Trade Receivables	8,627,211	8,627,211	2,582,436	2,582,436
Cash & Bank balances	12,167,584	12,167,584	11,559,814	11,559,814
<b>Total</b>	<b>20,994,795</b>	<b>20,994,795</b>	14,192,250	14,192,250
<b>Financial liabilities</b>				
Borrowings	592,525,258	592,525,258	654,674,205	654,674,205
Other long term liabilities	24,521,141	24,521,141	43,599,410	43,599,410
Trade Payables	12,756,466	12,756,466	8,192,575	8,192,575
Other current financial liabilities	134,683,922	134,683,922	63,355,636	63,355,636
<b>Total</b>	<b>764,486,787</b>	<b>764,486,787</b>	769,821,826	769,821,826

**Note No. 27 - Segment information**

The Company is primarily engaged in the business of maintenance & running of resorts and related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

**Note No. 28 - Related Party Transactions**

**(i) Names of related parties and nature of relationship where control exists:**

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Fellow Associate	Guestline Hospitality Management and Development Service Limited
Fellow Associate	Mahindra Hotels & Resorts Limited

**Key Managerial Personnel**

Nirav Momaya (resigned w.e.f August 03, 2018)  
 Narender Pratap Singh (appointed w.e.f August 31, 2017)  
 Balamurugan PS  
 Pratiksha Mangaonkar (appointed w.e.f November 26, 2018)  
 Preetha T (resigned w.e.f August 31, 2017)

**(ii) Related Party Transactions and balances**

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
<b>Holding company</b>		
<b>Transactions during the year:</b>		
ICD received	160,000,000	100,000,000
ICD repaid	-	122,000,000
Interest on ICD	6,480,394	5,349,255
Share Capital	-	153,214,000
Manpower deputation	6,981,879	10,122,463
Sale of services	99,120,751	34,981,024
<b>Fellow Associate</b>		
<b>Transactions during the year:</b>		
Advance Given for services	855,760	732,000
<b>Holding company</b>		
<b>Balances as at:</b>		
ICD received	165,832,354	-
Trade payables	1,657,861	32,873,062
Trade Receivables	3,907,928	2,347,660
<b>Fellow Associate</b>		
<b>Balances as at:</b>		
Advance Given for services	1,587,760	732,000

**Note No. 29 - Capital Work in Progress**

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
Balance at the beginning of the reporting period	-	906,320,928
Add: Cost of construction during the year	5,229,311	1,133,357,045
Interest on loan	-	119,964,556
Transferred to fixed Assets	(3,515,344)	(2,159,642,528)
<b>Balance at the end of the reporting period</b>	<b>1,713,966</b>	<b>-</b>

**Note No. 30 - Capital Commitment**

Particulars	In Rs.	
	March 31, 2019	March 31, 2018
Estimated amount of Contracts remaining to be executed on capital account and not provided for net of advances	-	387,917
	-	387,917

**Note No. 31 - Revaluation of land**

As at September 30, 2018, the Company has changed its accounting policy with respect to measurement of freehold land. According to the revised policy, freehold land is revalued and measured at fair value, based on periodic valuation done by external independent valuer using market approach. Any revaluation surplus is recorded in OCI and credited to revaluation reserve in other equity. This revaluation surplus is not available for distribution to shareholders.

Particulars	In Rs.	
	Revaluation Model	Cost Model
Revaluation surplus as at March 31, 2019		302,000,000
Deferred tax on the above revaluation		(62,816,000)
<b>As at March 31, 2019</b>		<b>239,184,000</b>
The carrying amount of freehold land as at March 31, 2019 under cost and revaluation model are given below:		
<b>Block of asset</b>		
Freehold Land	430,400,010	128,400,010

**In terms of our report attached.**

**For Sukhdeep Singh Arora & Associates**

Chartered Accountants  
 Firm Registration No. 024705N

**Sukhdeep Singh Arora**

Proprietor  
 Membership Number: 515979

Place: Chandigarh  
 Date: 07/05/2019

**For and on behalf of the Board of Directors**

**Ram Narayan Mundra**  
 Director  
 DIN: 06470969

**Akhila Balachandar**  
 Director  
 DIN: 07676670

**Narender Pratap Singh**  
 CFO

**Pratiksha Mangaonkar**  
 Company Secretary

Place: Mumbai  
 Date: 07/05/2019

**Balamurugan PS**  
 Manager

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Heritage Bird (M) Sdn. Bhd.**, which comprise the statement of financial position as at 31 March 2019, 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, as set out on pages 11 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, 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 Private Entities Reporting Standard 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.
- 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.
- 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.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

#### **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.

**LLOYDS EARLE PANICKER & TAN**

A.F. 0604

*Chartered Accountants*

**KESAVAN K. PANICKER**

761/03/21(J)

*Chartered Accountant*

Place : Kuala Lumpur

Dated : 08 May 2019

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	<u>Note</u>	<u>2019</u> <u>RM</u>	<u>2018</u> <u>RM</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	7	<b>3,855,738</b>	3,955,400
<b>Current Assets</b>			
Trade receivables	8	<b>60,000</b>	79,500
Cash at bank		<b>114,072</b>	315,461
		<b>174,072</b>	394,961
<b>TOTAL ASSETS</b>		<b>4,029,810</b>	4,350,361
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	<b>300,002</b>	300,002
Reserves		<b>(607,010)</b>	(809,881)
<b>Total Equity</b>		<b>(307,008)</b>	(509,879)
<b>Non-Current Liabilities</b>			
Amount due to holding company	10	<b>4,178,157</b>	4,673,077
<b>Current Liabilities</b>			
Non-trade payables		<b>75,741</b>	118,963
Amount due to directors	11	<b>14,000</b>	14,000
Taxation		<b>68,920</b>	54,200
		<b>158,661</b>	187,163
<b>Total Liabilities</b>		<b>4,336,818</b>	4,860,240
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,029,810</b>	4,350,361

The notes form an integral part of these financial statements.

## STATEMENT OF INCOME AND RETAINED PROFITS FOR THE YEAR ENDED 31 MARCH 2019

	<b>Note</b>	<b>2019</b> <b>RM</b>	<b>2018</b> <b>RM</b>
<b>Revenue</b>	12	<b>720,000</b>	872,188
Cost of sales		<b>(46,800)</b>	(59,390)
<b>Gross profit</b>		<b>673,200</b>	812,798
Other Income		-	17,210
Administration expenses		<b>(203,157)</b>	(210,280)
Profit from operations	13	<b>470,043</b>	619,728
Finance charge	14	<b>(197,953)</b>	(408,975)
Net profit before taxation		<b>272,090</b>	210,753
Taxation	15	<b>(69,219)</b>	(54,200)
Net profit after taxation		<b>202,871</b>	156,553
Accumulated loss brought forward		<b>(809,881)</b>	(966,434)
Accumulated loss carried forward		<b>(607,010)</b>	(809,881)

The notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019 RM	2018 RM
<b>Cash Flows From Operating Activities</b>		
Net profit before taxation	272,090	210,753
Adjustment :-		
Depreciation on property, plant and equipment	99,662	99,662
Interest on loan	197,953	408,975
Operating profit before working capital changes	569,705	719,390
Changes in receivables	19,500	(79,500)
Changes in payables	(43,222)	14,295
Cash generated from operations	545,983	654,185
Tax paid	(54,499)	-
<b>Net cash from operating activities</b>	491,484	654,185
<b>Cash Flows From Investing Activities</b>	-	-
Amount due to holding company	(494,920)	-
Interest paid to holding company	(197,953)	(408,975)
<b>Net cash from financing activities</b>	(692,873)	(408,975)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(201,389)	245,210
<b>Cash and cash equivalents brought forward</b>	315,461	70,251
<b>Cash and cash equivalents carried forward</b>	114,072	315,461

**Note:**

Cash and cash equivalent at the end of the year comprises:

	2019 RM	2018 RM
Cash at bank	114,072	315,461

The notes form an integral part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Share Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>31 March 2019</b>			
Balance as at 31 March 2018	300,002	(809,881)	(509,879)
Profit for the year	–	202,871	202,871
<b>Balance as as 31 March 2019</b>	<b>300,002</b>	<b>(607,010)</b>	<b>(307,008)</b>
<b>31 March 2018</b>			
Balance as at 31 March 2017	300,002	(966,434)	(666,432)
Profit for the year	–	156,553	156,553
Balance as at 31 March 2018	300,002	(809,881)	(509,879)

The notes on pages 14 to 35 form an integral part of these financial statements.

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	RM	RM
<b>Revenue</b>	<b>720,000</b>	872,188
<b>Less: Cost of Sales</b>	<b>(46,800)</b>	(59,390)
<b>Gross Profit</b>	<b>673,200</b>	812,798
<b>Add: Other Income</b>		
GST written off	-	17,210
<b>Less: Expenditure</b>		
<b>Administration expenses</b>		
Audit fee	18,000	16,000
Accountancy fee	48,000	48,000
Assessment and quit rent	3,410	3,312
Access cards	100	1,080
Bank charges	122	293
Depreciation of property, plant and equipment	99,662	99,662
Directors' fee	14,000	14,000
Fine & penalty	8,746	908
Forex loss	144	3,222
Insurance	1,024	1,384
Printing and stationery	603	1,836
Professional fee	5,600	15,332
Secretarial fees and charges	745	2,980
Travelling charges	1,360	897
Water charges	1,641	1,374
	<b>203,157</b>	210,280
<b>Finance Costs</b>		
Interest on loan	197,953	408,975
<b>Net Profit for the Year</b>	<b>272,090</b>	210,753

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

### 1. General Information

The Company is a private company, incorporated and domiciled in Malaysia. The registered office is situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, and its principal place of business is located at 3A07, Block B, Phileo Damansara II, 15 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.

The Company's principal activities are holding of investment properties and lease rental.

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

### 2. Compliance With Financial Reporting Standards and the Companies Act, 2016

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

### 3. Basis of Preparation

The financial statements of the Company have been prepared using cost bases which include historical cost, amortised cost, and lower of cost and net realisable value and fair value bases which include fair value basis and fair value less costs to sell basis.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting year and the reported amounts of revenues and expenses during the reporting year. Judgements and assumptions are applied in measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 6.

### 4. Significant Accounting Policies

#### a) Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the asset. These include assets constructed or acquired for environmental protection purposes and investment property measured on the cost model. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits. For an exchange of non-monetary asset that has a commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land and capital work-in-progress are not depreciated but are subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	Useful life (years)
Furniture and fittings	Straight-line	5
Building	Straight-line	50

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any changes in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

#### b) Impairment of non-financial assets

An impairment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash generating unit at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in the profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

#### c) Impairment of non-financial assets

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

#### d) Share capital and distribution

##### (i) Share capital

Ordinary shares and non-redeemable preference shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

Preference shares that carry mandatory dividend payments and mandatory redemption are classified as a financial liability in their entity. Preference shares that carry mandatory dividend payments only without a redemption feature or preference shares that carry mandatory redemption with discretionary dividend payments are accounted for as a compound financial instrument. The liability component is initially measured at the present value of the future cash payments discounted at a market rate of interest of a similar risk class debt instrument. The subsequent measurement of the liability component is at amortised cost using the effective interest method.

(ii) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Company measures the dividend payable at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

e) **Financial instrument**

(i) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instrument

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or a group of similar items.

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial assets expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more than compared with the carrying amount of the original liability.

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories namely (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

After initial recognition, the Company measures investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4(e)(vii).

(iv) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives instruments that are liabilities and financial guarantee contracts, which are measured at fair value.

(v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial assets or liability is derecognised or impaired, and through the amortization process of the instrument.

(vii) Impairment and uncollectibility of financial assets

At the end of each reporting year, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other reorganization; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for

which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due year. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the assets if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

**f) Related parties**

Related parties refer to persons connected to the directors and/or shareholders of the Company, and companies in which the directors and/or shareholders or persons connected to the said directors and/or shareholders have substantial equity interest.

**g) Cash and cash equivalents**

Cash comprises cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

**h) Provisions**

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counterparty (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting year. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation.

For an onerous contract, provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

**i) Foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at revalued amounts or at fair values that

are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period except for: (i) loans and advances that form part of the net investment in a foreign operation; and (ii) transactions entered into in order to hedge foreign currency risks of net investments in foreign operations.

**j) Tax Assets and Tax Liabilities**

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the equity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment. However, for deductible temporary differences related to investments in subsidiaries and branches, a deferred tax asset is recognised to the extent, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, if the owner-entity of the Group does not have a business model to hold the property solely for rental income, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or

expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

**k) Revenue recognition**

The Company measures revenue from a sale of goods or service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risk and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that economic benefits associated with the transaction will flow to the Company; and (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

**l) Fair Value Measurement**

For assets, liabilities and equity instruments whether financial or non-financial items that require fair value measurement disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

**5. Financial Risk Management Policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

**a) Liquidity and cash flow risks**

The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

**b) Foreign currency risk**

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payments in foreign currencies accordingly.

**c) Credit risk**

Credit risk is controlled by monitoring procedures and by internal credit review where credit risk is material.

**d) Interest rate risk**

The Company's interest rate exposure arises principally from the trade creditors and borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

Apart from the above, the Company does not face any material financial risks in other areas such as market risk, etc.

**6. Critical Judgement and Estimation Uncertainty**

The preparation of the financial statements in conformity with MPERS requires 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 recognised in the period in which the estimates are revised and in the future periods effected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

**a) Loss allowances of financial assets**

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

**b) Depreciation of property, plant and equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

**c) Measurement of income taxes**

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

**d) Measurement of a provision**

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price or market price is used as the best estimate. If an obligation is to be settled overtime, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

## 7. Property, Plant and Equipment

	Furniture and Fittings	Freehold Building	Total
	RM	RM	RM
Gross Carrying Amount:			
At 1 April 2018	54,454	4,941,100	4,995,554
Additions	-	-	-
At 31 March 2019	<u>54,454</u>	<u>4,941,100</u>	<u>4,995,554</u>
Accumulated Depreciation:			
At 1 April 2018	51,934	988,220	1,040,154
Charge for the year	840	98,822	99,662
At 31 March 2019	<u>52,774</u>	<u>1,087,042</u>	<u>1,139,816</u>
Net Book Value at 1 April 2018	<u>2,520</u>	<u>3,952,880</u>	<u>3,955,400</u>
Net Book Value at 31 March 2019	<u>1,680</u>	<u>3,854,058</u>	<u>3,855,738</u>

## 8. Trade Receivables

	2019	2018
	RM	RM
Holding Company	<u>60,000</u>	<u>79,500</u>

## 9. Share Capital

	2019		2018	
	No of shares	RM	No of shares	RM
Issued and fully paid ordinary shares				
Balance b/f	300,002	300,002	300,002	300,002
Issued during the year	-	-	-	-
Balance c/f	<u>300,002</u>	<u>300,002</u>	<u>300,002</u>	<u>300,002</u>

## 10. Amount Due To Holding Company

The holding company is Mahindra Holidays & Resorts India Ltd., a company incorporated in India, which holds the entire issued and paid up capital of the Company.

The amount due to holding company, consisting of non-trade balances, is unsecured and without any fixed terms of repayment and bears interest at the rate of 4.6% p.a. (2018:9.5% p.a.).

## 11. Amount Due To Directors

The amount due to directors is RM14,000. The said amount is interest free, unsecured and without any fixed terms of repayment.

## 12. Revenue

Revenue represents income from lease rental and rental income receivable.

## 13. Profit From Operations

The following items have been charged in arriving at profit from operations:-

	2019	2018
	RM	RM
Audit fee	18,000	16,000
Assessment and quit rent	3,410	3,312
Depreciation of property, plant and equipment	99,662	99,662
Directors' fee	<u>14,000</u>	<u>14,000</u>

## 14. Finance Costs

	2019	2018
	RM	RM
Interest expense on loan from holding company	<u>197,953</u>	<u>408,975</u>

## 15. Taxation

	2019	2018
	RM	RM
Current year provision	68,920	54,200
Under provision in previous year	299	-
	<u>69,219</u>	<u>54,200</u>

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2019	2018
	RM	RM
Profit before taxation	<u>272,090</u>	210,753
Tax at statutory income tax rate of 18% (2018: 18%)	48,976	37,936
Tax effect of expenses that are not deductible for tax purposes	1,574	3,460
Deferred tax not recognised in the financial statements	18,370	17,667
Over provision from previous year	299	-
Utilised prior year tax losses	-	(4,863)
	<u>69,219</u>	<u>54,200</u>

## 16. Going Concern

The Company has deficiency in shareholders' funds amounting to RM307,008 (2018: RM509,879).

However, the financial statements have been prepared on a going concern basis, as Mahindra Holidays and Resort India Ltd., the Holding Company, has given a confirmation of continued financial support to the Company.

## 17. Related Party Transactions

	2019	2018
	RM	RM
Revenue	(720,000)	(872,188)
Interest on loan	<u>197,953</u>	<u>408,975</u>

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

## 18. Employees

The number of employees of the Company as at 31 March 2019 is Nil (2018 : Nil).

## 19. Date of Authorisation for Issue of the Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 May 2019.

Signature :

Place : Kuala Lumpur

Dated : 08 May 2019

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MH Boutique Hospitality Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **MH Boutique Hospitality Limited** (the Company), which comprise the statement of financial position as at March 31, 2019, 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 March 31, 2019, 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 under the Royal Patronage of His Majesty the King's 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.

(Mr. Pongteera Chainsakultam)  
Certified Public Accountant Registration No. 9387

Cover Biz Company Limited

April 9, 2019



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	Notes	Currency : Baht	
		2019	2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>63,225.23</b>	62,987.33
<b>TOTAL CURRENT ASSETS</b>		<b>63,225.23</b>	62,987.33
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	4	<b>38,000,000.00</b>	38,000,000.00
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,000,000.00</b>	38,000,000.00
<b>TOTAL ASSETS</b>		<b>38,063,225.23</b>	38,062,987.33
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payable	5	<b>15,614,752.00</b>	14,604,232.00
Short-term loan	6	<b>28,000,000.00</b>	28,000,000.00
<b>TOTAL CURRENT LIABILITIES</b>		<b>43,614,752.00</b>	42,604,232.00
<b>TOTAL LIABILITIES</b>		<b>43,614,752.00</b>	42,604,232.00
<b>SHAREHOLDERS' EQUITY</b>			
<b>Authorized share capital</b>			
51,000 preference shares of Baht 100 each		<b>5,100,000.00</b>	5,100,000.00
49,000 ordinary shares of Baht 100 each		<b>4,900,000.00</b>	4,900,000.00
Issued and paid-up share capital			
51,000 preference shares of Baht 100 each		<b>5,100,000.00</b>	5,100,000.00
49,000 ordinary shares of Baht 100 each		<b>4,900,000.00</b>	4,900,000.00
Retained earnings (Deficits)		<b>(15,551,526.77)</b>	(14,541,244.67)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>(5,551,526.77)</b>	(4,541,244.67)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>38,063,225.23</b>	38,062,987.33

The accompanying notes are an integral part of the financial statements.

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Director

**STATEMENTS OF INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

		<i>Currency : Baht</i>	
	<b>Notes</b>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>	3		
Other income		240.31	234.90
<b>TOTAL REVENUES</b>		<u>240.31</u>	<u>234.90</u>
<b>EXPENSES</b>	3		
Administrative expenses		58,522.41	58,522.35
<b>TOTAL EXPENSES</b>		<u>58,522.41</u>	<u>58,522.35</u>
<b>EARNINGS BEFORE FINANCIAL COST</b>		<u>(58,282.10)</u>	<u>(58,287.45)</u>
Financial costs		952,000.00	2,660,000.00
<b>NET PROFIT (LOSS)</b>		<u>(1,010,282.10)</u>	<u>(2,718,287.45)</u>

The accompanying notes are an integral part of the financial statements.

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Director

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR PERIOD FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

*Currency : Baht*

	Issues and paid-up capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
<b>Beginning balance as of 31 March 2017</b>	5,100,000.00	4,900,000.00	(11,822,957.22)	(1,822,957.22)
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(2,718,287.45)	(2,718,287.45)
<b>Ending balance as of 31 March 2018</b>	<u>5,100,000.00</u>	<u>4,900,000.00</u>	<u>(14,541,244.67)</u>	<u>(4,541,244.67)</u>
Changes in shareholders' equity for the year				
Net profit (loss) for the year	–	–	(1,010,282.10)	(1,010,282.10)
<b>Ending balance as of 31 March 2019</b>	<u><b>5,100,000.00</b></u>	<u><b>4,900,000.00</b></u>	<u><b>(15,551,526.77)</b></u>	<u><b>(5,551,526.77)</b></u>

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_  
Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 1. GENERAL INFORMATION

#### Company status

MH Boutique Hospitality Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 10 October 2012 with registration no. 0105555151500.

#### Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok

#### Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

### 2. BASIC OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

### 3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

#### 3.2 Investment

Investments in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

#### 3.3 Revenue and expenses recognition

The company record other revenue and expenses base on accrual basis.

### 4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012, the Company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 1,500,000 ordinary shares at a par value of Baht 100.

Details of the Company's subsidiaries, as at 31 March 2019 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Investment in subsidiaries			
Infinity Hospitality Group Co., Ltd.	Hotel	Thailand	51

### 5. TRADE AND OTHER PAYABLES

Consist of:

	Currency : Baht	
	2019	2018
Accrued interest expenses - Related Parties (Note 6)	13,000,342.85	12,191,142.85
Accrued interest expenses for withholding tax	2,294,178.15	2,151,378.15
Accrued expenses	23,210.00	23,210.00
Other payable - Related parties (Note 6)	297,021.00	238,501.00
<b>Total</b>	<b>15,614,752.00</b>	<b>14,604,232.00</b>

### 6. RELATED PARTIES TRANSACTIONS

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. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	Currency : Baht	
	2019	2018
<b>Expenses</b>		
Mahindra Holidays & Resorts India Limited	952,000.00	2,660,000.00
<b>Payable</b>		
Mahindra Holidays & Resorts India Limited	13,000,342.85	12,191,142.85
Infinity Hospitality Group Co., Ltd.	297,021.00	238,501.00
<b>Loan from related parties</b>		
Mahindra Holidays & Resorts India Limited	28,000,000.00	28,000,000.00
Interest rate	3.40%	9.50%

### 7. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 9, 2019.

Director

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Infinity Hospitality Group Company Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Infinity Hospitality Group Company Limited** (the Company), which comprise the statement of financial position as at March 31, 2019, 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 March 31, 2019, 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 under the Royal Patronage of His Majesty the King's 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.

**(Mr. Pongteera Chainsakultam)**

Certified Public Accountant Registration No. 9387

Cover Biz Company Limited  
April 9, 2019

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

**ASSETS**

		<i>Currency : Baht</i>	
	<i>Notes</i>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>16,124,929.27</b>	24,547,350.64
Trade and other receivables	4	<b>2,344,133.53</b>	3,137,324.38
Inventory	5	<b>360,231.19</b>	316,803.74
Other current assets		<b>724,863.55</b>	676,581.56
<b>TOTAL CURRENT ASSETS</b>		<b><u>19,554,157.54</u></b>	<u>28,678,060.32</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	<b>174,215,555.72</b>	173,001,052.57
Intangible assets	7	<b>89,015.97</b>	147,588.39
Other non-current assets		<b>408,673.80</b>	402,673.81
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>174,713,245.49</u></b>	<u>173,551,314.77</u>
<b>TOTAL ASSETS</b>		<b><u>194,267,403.03</u></b>	<u>202,229,375.09</u>

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_ Director

**STATEMENT OF FINANCIAL POSITION (Continued)**  
**AS AT 31 MARCH 2019**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		<i>Currency : Baht</i>	
	<i>Notes</i>	<u>2019</u>	<u>2018</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payable	8	2,140,733.11	1,941,309.28
Current portion of Long-term loan	11	7,000,000.00	7,000,000.00
Other current liabilities	9	450,219.44	428,964.48
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,590,952.55</u>	<u>9,370,273.76</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term loan	11	141,000,000.00	148,000,000.00
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>141,000,000.00</u>	<u>148,000,000.00</u>
<b>TOTAL LIABILITIES</b>		<u>150,590,952.55</u>	<u>157,370,273.76</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Authorized share capital</b>			
1,500,000 ordinary shares of Baht 100 each		<u>150,000,000.00</u>	<u>150,000,000.00</u>
<b>Issued and paid-up share capital</b>			
1,500,000 ordinary shares of Baht 100 each		150,000,000.00	150,000,000.00
Retained earnings (Deficits)		(106,323,549.52)	(105,140,898.67)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>43,676,450.48</u>	<u>44,859,101.33</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>194,267,403.03</u>	<u>202,229,375.09</u>

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_  
 Director

**PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2019**

		<i>Currency : Baht</i>	
	<i>Notes</i>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>	3		
Revenue from rent and services		<b>34,954,590.48</b>	45,022,582.31
Other income		<b>48,894.76</b>	23,829.94
<b>TOTAL REVENUES</b>		<b>35,003,485.24</b>	45,046,412.25
<b>EXPENSES</b>	3		
Cost of rent and services		<b>18,378,786.25</b>	18,904,890.10
Selling expenses		<b>2,356,213.46</b>	2,404,558.84
Administrative expenses		<b>8,796,632.45</b>	8,964,145.38
<b>TOTAL EXPENSES</b>		<b>29,531,632.16</b>	30,273,594.32
<b>EARNINGS BEFORE FINANCIAL COST</b>		<b>5,471,853.08</b>	14,772,817.93
Financial costs		<b>(6,654,503.93)</b>	(7,241,238.71)
<b>NET PROFIT (LOSS)</b>		<b>(1,182,650.85)</b>	7,531,579.22

The accompanying notes are an integral part of the financial statements.

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Director



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	<i>Currency : Baht</i>		
Notes	<b>Issued and paid-up share capital</b>	<b>Retained earnings (Deficits)</b>	<b>Total</b>
<b>Beginning balance as of 31 March 2017</b>	150,000,000.00	(112,672,477.89)	37,327,522.11
Changes in shareholders' equity for the period			
Net profit (loss) for the period	–	7,531,579.22	7,531,579.22
<b>Ending balance as of 31 March 2018</b>	150,000,000.00	(105,140,898.67)	44,859,101.33
Changes in shareholders' equity for the period			
Net profit (loss) for the period	–	(1,182,650.85)	(1,182,650.85)
<b>Ending balance as of 31 March 2019</b>	<b>150,000,000.00</b>	<b>(106,323,549.52)</b>	<b>43,676,450.48</b>

The accompanying notes are an integral part of the financial statements.

\_\_\_\_\_ Director

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2019

### 1 GENERAL INFORMATION

#### Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

#### Place of company

20, Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

#### Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

### 2 BASIC OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

#### 3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

#### 3.3 Property, plant and equipment

Land are stated at cost, Building and Equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Land	-	Years
Building	20	Years
Improvement & Decoration	20.5	Years
Furniture Fixture & Equipment	5	Years
General equipment	5	Years
Computer	5	Years

#### 3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows :

	Year life
Computer software	5 Years

#### 3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

#### 3.6 Provisions and contingent liabilities

The Company recognized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

#### 3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

The company record other revenue and expenses base on accrual basis.

#### 3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

### 4 TRADE AND OTHER RECEIVABLES

Consist of:	Currency : Baht	
	2019	2018
Accounts Receivable - Trade	144,835.85	306,069.98
Accrued income - related parties (Note 10)	1,719,243.90	2,227,972.74
Other account receivables - related parties (Note 10)	297,021.00	238,501.00
Prepaid expenses	165,678.78	273,600.66
Other receivable	17,354.00	91,180.00
Total	2,344,133.53	3,137,324.38

### 5 INVENTORY

Consist of:	Currency : Baht	
	2019	2018
Finished Goods	360,231.19	316,803.74
Total	360,231.19	316,803.74

Director

## 6 PROPERTY, PLANT AND EQUIPMENT

	<i>Currency : Baht</i>							
Consist of:	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
<b>Cost</b>								
As at 31 March 2018	114,770,000.00	108,968,618.24	5,633,386.09	1,086,038.47	2,583,348.15	476,123.67	175,000.00	233,692,514.62
Acquisitions	-	-	6,833,393.42	386,100.00	75,452.62	-	-	7,294,946.04
Disposals	-	-	-	-	(20,764.70)	-	-	(20,764.70)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>114,770,000.00</b>	<b>108,968,618.24</b>	<b>12,466,779.51</b>	<b>1,472,138.47</b>	<b>2,638,036.07</b>	<b>476,123.67</b>	<b>175,000.00</b>	<b>240,966,695.96</b>
<b>Accumulated depreciation</b>								
As at 31 March 2018	-	55,092,817.49	2,131,148.99	748,974.48	2,225,855.79	317,666.30	174,999.00	60,691,462.05
Depreciation for the period	-	5,448,430.81	228,706.07	172,933.89	151,971.57	77,443.15	-	6,079,485.49
Depreciation on disposals	-	-	-	-	(19,807.30)	-	-	(19,807.30)
Adjustment/Reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>60,541,248.30</b>	<b>2,359,855.06</b>	<b>921,908.37</b>	<b>2,358,020.06</b>	<b>395,109.45</b>	<b>174,999.00</b>	<b>66,751,140.24</b>
<b>Net book value</b>								
As at 31 March 2018	114,770,000.00	53,875,800.75	3,502,237.10	337,063.99	357,492.36	158,457.37	1.00	173,001,052.57
<b>As at 31 March 2019</b>	<b>114,770,000.00</b>	<b>48,427,369.94</b>	<b>10,106,924.45</b>	<b>550,230.10</b>	<b>280,016.01</b>	<b>81,014.22</b>	<b>1.00</b>	<b>174,215,555.72</b>
Depreciation for the year								
For the year ended 31 March 2018 (Included in cost and administrative expenses)								6,095,364.11
For the year ended 31 March 2019 (Included in cost and administrative expenses)								6,079,485.49

## Security

At 31 March 2019 and 2018, the Company's properties, all Land and Buildings, with a net book value of Baht 163.20 and 168.65 million were subjected to secure loans from a financial institutions (see note 11).

## 7 INTANGIBLE ASSETS

	<i>Currency : Baht</i>	
Consist of:	Computer software	Total
<b>Cost</b>		
As at 31 March 2018	797,433.00	797,433.00
Acquisitions	-	-
Disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2019</b>	<b>797,433.00</b>	<b>797,433.00</b>
<b>Accumulated amortisation</b>		
As at 31 April 2018	649,844.61	649,844.61
Amortisation for the period	58,572.42	58,572.42
Depreciation on disposals	-	-
Adjustment/Reclassification	-	-
<b>As at 31 March 2019</b>	<b>708,417.03</b>	<b>708,417.03</b>
<b>Net book value</b>		
As at 31 March 2018	147,588.39	147,588.39
<b>As at 31 March 2019</b>	<b>89,015.97</b>	<b>89,015.97</b>
Amortisation for the period		
For the year ended 31 March 2018 (Included in administrative expenses)		59,537.00
For the year ended 31 March 2019 (Included in administrative expenses)		58,572.42

## 8 TRADE AND OTHER PAYABLES

Consist of:	<i>Currency : Baht</i>	
	2019	2018
Trade payables	888,930.52	932,329.24
Advance received	11,822.44	29,383.18
Accrued interest expenses - Other	280,141.09	274,335.26
Accrued service charge	153,404.30	193,327.31
Accrued expenses	806,434.76	511,934.29
<b>Total</b>	<b>2,140,733.11</b>	<b>1,941,309.28</b>

## 9 OTHER CURRENT LIABILITIES

Consist of:	<i>Currency : Baht</i>	
	2019	2018
Unrealised output tax	121,097.80	164,468.54
Value added tax payable	209,338.46	190,136.81
Withholding tax payable	21,887.18	20,505.13
Social security tax payable	47,896.00	53,854.00
Short-term deposit	50,000.00	-
<b>Total</b>	<b>450,219.44</b>	<b>428,964.48</b>

## NOTES TO FINANCIAL STATEMENTS (Continued) AS AT 31 MARCH 2019

### 10 RELATED PARTIES TRANSACTIONS

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. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/nationality	Nature of Relationship
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rent and services	Contractually agreed rate
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	Currency : Baht	
	2019	2018
<b>Income</b>		
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	18,025,048.80	24,546,099.60
<b>Expenses</b>		
Mahindra Holidays & Resorts India Limited	810,676.00	1,306,273.15
<b>Receivable</b>		
Mahindra Holidays & Resorts India Limited	1,719,243.90	2,227,972.74
MH Boutique Co., Ltd.	297,021.00	238,501.00
<b>Payable</b>		
Mahindra Holidays & Resorts India Limited	197,174.00	206,323.00

### 11 LONG-TERM BORROWING

On February 6, 2017, The Company has entered into 5-Year Secured Committed Term Loan Facility of Baht 162,000,000 Facility Agreement with a financial institution. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus 2.10 percent per annum. Details of Loan are as followed:

	Currency : Baht	
	2019	2018
Long-term loan	148,000,000.00	155,000,000.00
<u>Less</u> Current portion of Long-term borrowings	(7,000,000.00)	(7,000,000.00)
<b>Net Long-term loan</b>	<b>141,000,000.00</b>	<b>148,000,000.00</b>

Moving of long-term loan during the years ended March 31, 2019 and 2018 are as followed:

	Currency : Baht	
	2019	2018
Balance as of April 1,	155,000,000.00	70,000,000.00
<u>Add</u> Loan received	-	92,000,000.00
<u>Less</u> Repayment	(7,000,000.00)	(7,000,000.00)
<b>Balance as of March 31,</b>	<b>148,000,000.00</b>	<b>155,000,000.00</b>

The Company shall repay the loan in the amount in accordance with the repayment schedule and all outstanding loans shall be repaid in full no later than the final repayment date as followed:

No.	Month	Repayment	Currency : Million Baht	
			Outstanding Amount	
1	6th	3.5	158.50	
2	12th	3.5	155.00	
3	18th	3.5	151.50	
4	24th	3.5	148.00	
5	30th	3.5	144.50	
6	36th	3.5	141.00	
7	42th	3.5	137.50	
8	48th	3.5	134.00	
9	54th	3.5	130.50	
10	60th	130.5	-	

### 12 RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements. The significant reclassifications were as follows:

	Currency : Baht		
	Before Reclass.	Reclass.	After Reclass.
<b>Profit and loss statement</b>			
Cost of rent and services	18,703,551.88	201,338.22	18,904,890.10
administrative expenses	9,165,483.60	(201,338.22)	8,964,145.38

### 13 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 9, 2019.

\_\_\_\_\_  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MHR Holdings (Mauritius) Ltd**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 9 to 39 give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

#### **Basis for Opinion**

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

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 22 in the financial statements which indicates that the Company had accumulated losses of EUR 3,410,788 during the year ended 31 March 2019 and, as of that date, the Company had a net liability of EUR 3,265,788. As stated in Note 22, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholder has undertaken to provide financial support to ensure continuation of the Company's operations. Our opinion is not modified in respect of this matter.

#### **Information Other than the Financial Statements and Auditor's Report Thereon ("Other Information")**

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Director's sections, 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.

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **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 on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditor's;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

### **Other Matter**

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

### **Grant Thornton Chartered Accountants**

**K RAMCHURUN, FCCA  
Licensed by FRC**

**Date: 07 May 2019**

**Ebene 72201, Republic of Mauritius**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		EUR	EUR
<b>INCOME</b>		-	-
<b>EXPENDITURE</b>			
Professional fees	15	23,483	42,030
Audit fees		6,427	8,129
Bank charges		3,005	3,400
Licence fees		2,184	2,508
Legal fees		-	1,048
		<u>35,099</u>	<u>57,115</u>
<b>OPERATING LOSS</b>		<b>(35,099)</b>	<b>(57,115)</b>
Finance income	10.1	1,185,311	887,540
Finance costs	10.2	<u>(1,715,999)</u>	<u>(1,720,067)</u>
<b>LOSS BEFORE TAX</b>		<b>(565,787)</b>	<b>(889,642)</b>
Tax Expense	8	-	-
<b>LOSS FOR THE YEAR</b>		<b>(565,787)</b>	<b>(889,642)</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(565,787)</b>	<b>(889,642)</b>

**STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> MARCH 2019**

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		<b>EUR</b>	<b>EUR</b>
<b>ASSETS</b>			
<b>Non-Current</b>			
Investment in subsidiary	9	<b>23,182,500</b>	23,182,500
Loans	11	<b>35,490,855</b>	18,194,673
<b>Non-Current Assets</b>		<b><u>58,673,355</u></b>	<u>41,377,173</u>
<b>Current</b>			
Loans	11	–	11,587,278
Receivables and prepayments	14	<b>176,200</b>	75,191
Cash and cash equivalents		<b>98,100</b>	135,536
<b>Current Assets</b>		<b><u>274,300</u></b>	<u>11,798,005</u>
<b>Total assets</b>		<b><u><u>58,947,655</u></u></b>	<u><u>53,175,178</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	18	<b>145,000</b>	145,000
Accumulated losses		<b>(3,410,788)</b>	(2,845,001)
<b>Total shareholder's deficit</b>		<b><u>(3,265,788)</u></b>	<u>(2,700,001)</u>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings	12	<b>46,856,777</b>	54,163,554
Derivative financial instrument	13	<b>227,632</b>	470,694
<b>Non current Liabilities</b>		<b><u>47,084,409</u></b>	<u>54,634,248</u>
<b>Current</b>			
Borrowings	12	<b>13,977,556</b>	429,792
Derivative financial instruments	13	<b>29,326</b>	–
Accruals	17	<b>1,122,152</b>	811,139
<b>Current Liabilities</b>		<b><u>15,129,034</u></b>	<u>1,240,931</u>
<b>Total Liabilities</b>		<b><u>62,213,443</u></b>	<u>55,875,179</u>
<b>Total equity and liabilities</b>		<b><u><u>58,947,655</u></u></b>	<u><u>53,175,178</u></u>

Approved by the Board of Director's on 07 May 2019 and signed on its behalf by:

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

The notes form an integral part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>Stated capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>At 01 April 2017</b>	145,000	(1,955,359)	(1,810,359)
Loss for the year	–	(889,642)	(889,642)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(889,642)	(889,642)
At 31 March 2018	<u>145,000</u>	<u>(2,845,001)</u>	<u>(2,700,001)</u>
<b>At 01 April 2018</b>	<b>145,000</b>	<b>(2,845,001)</b>	<b>(2,700,001)</b>
Loss for the year	–	(565,787)	(565,787)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(565,787)	(565,787)
At 31 March 2019	<u>145,000</u>	<u>(3,410,788)</u>	<u>(3,265,788)</u>

The notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

	2019	2018
	EUR	EUR
<b>Operating activities</b>		
Loss before tax	(565,787)	(889,642)
<i>Adjustments for:</i>		
Interest income	(870,855)	(841,000)
Interest expense (Note 19)	1,020,103	979,282
Amortisation of transaction costs (Note 19)	143,224	143,223
Loss on interest rate swaps	234,413	227,047
Net fair value adjustment – Derivative financial instruments	(213,736)	56,778
	<u>(252,638)</u>	<u>(324,312)</u>
<i>Changes in working capital:</i>		
(Increase)/decrease in prepayments	(287)	250
Increase in Receivable	(100,720)	(72,928)
Increase in accruals	311,011	305,273
	<u>(42,634)</u>	<u>(91,717)</u>
<b>Net cash used in operations</b>	<b>(42,634)</b>	<b>(91,717)</b>
Interest received	631,951	493,830
Interest paid (Note 19)	(1,226,753)	(1,178,384)
	<u>(637,436)</u>	<u>(776,271)</u>
<b>Net cash used in operating activities</b>	<b>(637,436)</b>	<b>(776,271)</b>
<b>Investing activities</b>		
Loans to subsidiary	(5,470,000)	(1,200,000)
	<u>(5,470,000)</u>	<u>(1,200,000)</u>
<b>Net cash used in investing activities</b>	<b>(5,470,000)</b>	<b>(1,200,000)</b>
<b>Financing activities</b>		
Loans received (Note 19)	6,070,000	2,050,000
	<u>6,070,000</u>	<u>2,050,000</u>
<b>Net cash from financing activities</b>	<b>6,070,000</b>	<b>2,050,000</b>
<b>Net change in cash and cash equivalents</b>	<b>(37,436)</b>	<b>73,729</b>
Cash and cash equivalents at beginning of year	135,536	61,807
	<u>98,100</u>	<u>135,536</u>
<b>Cash and cash equivalents at end of year</b>	<b>98,100</b>	<b>135,536</b>
<b>Cash and cash equivalents made up of:</b>		
Cash at bank	<u>98,100</u>	<u>135,536</u>

The notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

### 1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 26 June 2014 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

### 2 APPLICATION OF NEW AND REVISED IFRS

#### 2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2018:

IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
IFRS 9	Financial Instruments (2014)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
IFRS 15	Revenue from Contracts with Customers

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that only *IFRS 9, Financial Instruments (2014)* has an impact on these financial statements.

The adoption of IFRS 9 has the following impact on the financial statements.

#### *IFRS 9 "Financial Instruments"*

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets.

When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings. However, no differences were noted for the Company that were meant to be recognised in retained earnings as illustrated in the table below.

The adoption of IFRS 9 has impacted the following areas:

- The Company's financial instruments comprise of loans, receivables, cash and cash equivalents, derivative financial instruments, borrowings and accruals. The application of IFRS 9 have impacted on the classification of the Company's loans, receivable and cash and cash equivalents. Additionally, there have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.
- The impairment of financial assets applying the expected credit loss model. This affects the Company's loans and receivable measured at amortised cost. For these amounts the Company applies the expected credit losses model to determine the allowance for credit losses.

On the date of initial application, 01 April 2018, the financial instruments of the Company were reclassified as follows:

	Original IAS 39 category	New IFRS 9 category	Closing balance at 31 March 2018 (IAS 39)	Adoption of IFRS 9	Opening balance at 01 April 2019 (IFRS 9)	Retained earnings effect
			EUR	EUR	EUR	EUR
<b>Financial assets</b>						
<b>Non-current</b>						
Loan *	Amortised cost	Amortised cost	18,194,673		18,194,673	-
<b>Current</b>						
Loan *	Amortised cost	Amortised cost	11,587,278		11,587,278	-
Receivable	Amortised cost	Amortised cost	72,928		72,928	-
Cash and cash equivalents	Amortised cost	Amortised cost	135,536		135,536	-
			<u>29,990,415</u>		<u>29,990,415</u>	-

The Company's accounting policy on financial instruments is detailed in Note 3.5 to these financial statements.

Prepayments amounting to **EUR 2,263** have not been included in financial assets.

#### 2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 17	Insurance Contracts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IAS 1/IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IAS 19	Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

### 3 SUMMARY OF ACCOUNTING POLICIES

#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### 3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

### 3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

### 3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

### 3.5 Financial instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement of financial assets

Except for loan receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of

discounting is immaterial. The Company's cash and cash equivalents, loans and receivable fall into this category of financial instruments.

#### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements include its loans and receivable.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Previous financial asset impairment under IAS 39

In the prior year, the impairment of the receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

#### Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of borrowings, accruals and derivative financial instruments (Note 3.15).

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 3.6 Consolidated financial statements

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted

company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

### 3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

### 3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.9 Equity

Stated capital represents the value of shares that have been issued.

Accumulated losses includes current and prior years' results as disclosed in the statement of comprehensive income.

### 3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

### 3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

### 3.12 Foreign currency translation

#### *Functional and presentation currency*

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

#### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date),

except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### 3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

### 3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and are deducted from borrowings and amortised over the period of the facility to which it relates.

### 3.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

### 3.16 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### **Significant management judgements**

The following are the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

#### *Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The director's have considered those factors and have determined that the functional currency of the Company is the EUR.

#### *Going concern assumption*

The director's have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the director's have considered the Company's future business projects, future cash flows and future profitability.

#### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *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.

#### Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

## 5. FINANCIAL INSTRUMENT RISK

### Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2019	2018
	EUR	EUR
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Loans	35,490,855	18,194,673
<b>Current</b>		
Loans	–	11,587,278
Receivable	173,648	72,928
Cash and cash equivalents	98,100	135,536
	271,748	11,795,742
<b>Total financial assets</b>	<b>35,762,603</b>	<b>29,990,415</b>
<b>Financial liabilities measured at amortised cost:</b>		
<b>Non-current</b>		
Derivative financial instrument	227,632	470,694
<b>Financial liabilities measured at amortised cost:</b>		
Borrowings	46,856,777	54,163,554
	47,084,409	54,634,248
<b>Current</b>		
Derivative financial instruments	29,326	
<b>Financial liabilities measured at amortised cost:</b>		
Borrowings	13,977,556	429,792
Accruals	1,122,152	811,139
	15,129,034	1,240,931
<b>Total financial liabilities</b>	<b>62,213,443</b>	<b>55,875,179</b>

The Board of Director's has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures 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 in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

### 5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

#### (i) Foreign currency sensitivity

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro, which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2019	Financial liabilities 2019
	EUR	INR
<b>Long term exposure</b>		
Euro (EUR)	35,490,855	47,084,409
<b>Short term exposure</b>		
Euro (EUR)	271,748	15,118,819
United States Dollar (USD)	–	10,215
	<b>35,762,603</b>	<b>62,213,443</b>

	Financial assets 2018	Financial liabilities 2018
	EUR	INR
<b>Long term exposure</b>		
Euro (EUR)	18,194,673	54,634,248
<b>Short term exposure</b>		
Euro (EUR)	11,795,742	1,231,098
United States Dollar (USD)	–	9,833
	29,990,415	55,875,179

#### (ii) Interest rate sensitivity

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.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED.

The Company's interest rate risk arises principally from part of the bank borrowings from AXIS BANK LIMITED which are at variable

interest rates. The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Company has taken the following loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED:

#### Loans from HSBC Bank (Mauritius) Limited

##### Loan of EUR 6,850,000

The bank loan of EUR 6,850,000 from HSBC Bank (Mauritius) Limited bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12 (ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45% per annum. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset date. The interest is payable at the end of every 6 months.

##### Loan of EUR 3,600,000

The bank loan of EUR 3,600,000 from HSBC Bank (Mauritius) Limited bears interest at EUR Interest Rate EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis (Note 13 (ii) to these financial statements). It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The loan is repayable within one year from the date of each drawdown. The interest is payable at the end of every 3 months.

#### Loans from AXIS BANK LIMITED

##### Loan of EUR 47,000,000

The Company has contracted a loan of EUR 47,000,000 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum (Note 13 (ii) to these financial statements). The loan is repayable at the end of 5 years.

##### Loan of EUR 4,750,000

The Company has contracted a loan of EUR 4,750,000 on 23 June 2017 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. As at 31 March 2019, the Company has received an additional amount of EUR 3,070,000 (EUR 600,000 drawn on 7 February 2018 and EUR 2,470,000 drawn on 16 July 2018).

The Company has entered into interest swaps for an amount EUR 40,450,000 (EUR 6,850,000 from HSBC Bank (Mauritius) Limited and EUR 33,600,000 from AXIS Bank Limited) by using floating to fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hikes. Therefore, the Company is not affected by interest rate fluctuations of these amounts.

The market interest rate risk for the other loans amounting to EUR 20,070,000 (EUR 16,470,000 from AXIS Bank Limited and EUR 3,600,000 from HSBC Bank (Mauritius) Limited) is also fixed at their respective margins since EURIBOR is negative. Thus the Company is not affected by interest rate fluctuations on these amounts.

## 5.2 Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions with related parties. The Company has significant concentration of credit risks as shown below.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2019	2018
	EUR	EUR
<b>ASSETS</b>		
<b>Non-current</b>		
Loans	35,490,855	18,194,673

	2019	2018
	EUR	EUR
<b>Current assets</b>		
Loans	–	11,587,278
Receivable	173,648	72,928
Cash and cash equivalents	98,100	135,536
	<u>271,748</u>	<u>11,795,742</u>
	<u>35,762,603</u>	<u>29,990,415</u>

- (i) The Company has given loans to its subsidiary, which are unsecured and the interest rate and repayment terms are disclosed in Note 12.
- (ii) The receivable from the related party is unsecured, interest free and receivable on demand.

Under impairment provisions of IFRS 9, the Company measures credit risk and ECL using probability of default, exposure at default and loss given default of the loans to subsidiary and receivable from a related party. The director's consider both historical analysis and forward-looking information in determining any ECL. The director's consider the probability of default to be close to zero as the subsidiary and related company have strong capacity to meet their contractual obligations in the near term and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

- (iii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.
- (iv) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.
- (v) None of the Company's financial assets are secured by collateral or other credit enhancements. The borrowings taken are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

## 5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

	2019		2018	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
	EUR	EUR	EUR	EUR
Borrowings	13,977,556	46,856,777	429,792	54,163,554
Derivative financial instruments	29,326	227,632	–	470,694
Accruals	1,122,152	–	811,139	–
<b>Total</b>	<u>15,129,034</u>	<u>47,084,409</u>	<u>1,240,931</u>	<u>54,634,248</u>

## 6 FAIR VALUE MEASUREMENT

### 6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2019 and 31 March 2018:

31 March 2019	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
<b>Liabilities</b>				
Interest rate swap	–	256,958	–	256,958

31 March 2018	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
<b>Liabilities</b>				
Interest rate swap	–	470,694	–	470,694

There has been no transfer from Level 1 and Level 2 in 2019 and 2018.

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available 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.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

### 6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

## 7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year ended 31 March 2019 and 31 March 2018, the Company was fully geared since it relies on external borrowings to finance its operations.

## 8 TAXATION

### (i) Income tax

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

At 31 March 2019, the Company has accumulated tax losses of **EUR 816,146** (2018: EUR 721,437) which will be carried forward and available for set off against future taxable profit as follows:

	EUR
Up to the year ending 31 March 2020	123,295
Up to the year ending 31 March 2021	245,423
Up to the year ending 31 March 2022	205,769
Up to the year ending 31 March 2023	127,557
Up to the year ending 31 March 2024	114,102
	<u>816,146</u>

### (ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2019, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

### (iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2019	2018
	EUR	EUR
Loss for the year	(565,787)	(889,642)
Tax calculated at the rate of 3%	(16,974)	(26,689)
Non-allowable expenses	19,963	22,281
Items outside scope of taxation	(6,412)	–
Deferred tax asset not recognised	3,423	4,408
Tax expense	<u>–</u>	<u>–</u>

## 9 INVESTMENTS IN SUBSIDIARY

	2019	2018
	EUR	EUR
<b>(i) Unquoted investment at cost:</b>		
At 01 April and 31 March	<u>23,182,500</u>	<u>23,182,500</u>



## (ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	Country of Incorporation	Type of investments	Number of shares	Cost 2019	Cost 2018
				EUR	EUR
Covington S.à.r.l	Luxembourg	Equity	12,500	17,500	17,500
Covington S.à.r.l	Luxembourg	Non-equity		23,165,000	23,165,000
			12,500	23,182,500	23,182,500

(iii) Pursuant to a Share Sale and Purchase Agreement dated 17 July 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500.

(iv) Pursuant to Contribution Agreements dated 31 July 2014, 10 November 2014 and 18 August 2015 between the Company and Covington S.à.r.l (the "Receiver"), the Company contributed EUR 3,165,000, EUR 4,000,000 and EUR 16,000,000 respectively to the Receiver.

(v) The director's have assessed the recoverable amount of the investments (equity and non-equity) and confirmed that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

## 10 FINANCE INCOME AND FINANCE COSTS

	2019	2018
	EUR	EUR
<b>10.1 Finance income</b>		
Net fair value adjustment - Derivative financial instruments (Note 13)	213,736	-
Corporate Guarantee Commission income (Note 12(ii))	100,720	46,540
Interest on loans (Note 11(i))	870,855	841,000
	<u>1,185,311</u>	<u>887,540</u>
<b>10.2 Finance costs</b>		
Interest on borrowings (Note 12(i))	1,020,103	979,282
Commission on SBLC	-	6,280
SBLC fee	7,631	2,775
Commissions on Corporate Guarantee (Note 12(ii))	310,628	304,682
Fair value adjustment - Derivative financial instruments (Note 13)	-	56,778
Amortisation of transaction costs (Note 12 (i))	143,224	143,223
Loss on interest rate swaps (Notes 12 (i) and (iv))	234,413	227,047
	<u>1,715,999</u>	<u>1,720,067</u>

## 11 LOANS

	2019	2018
	EUR	EUR
Loans to subsidiary:		
<b>Non-current</b>		
Principal amounts	34,620,000	17,800,000
Interest receivable	870,855	394,673
	<u>35,490,855</u>	<u>18,194,673</u>
<b>Current</b>		
Principal amounts	-	11,350,000
Interest receivable	-	237,278
	-	<u>11,587,278</u>
<b>Total</b>	<u>35,490,855</u>	<u>29,781,951</u>

(i) The movement during the year on the loans is as follows:

	2019	2018
	EUR	EUR
Opening balance	29,781,951	28,234,781
Loans given during the year	5,470,000	1,200,000
Interest income for the year	870,855	841,000
Interest received during the year	(631,951)	(493,830)
Closing balance	<u>35,490,855</u>	<u>29,781,951</u>

(ii) The loan amounting to EUR 3,500,000 granted on 31 July 2014, which was receivable by 31 July 2018 was further extended for a period of two years pursuant to board meeting dated 27 September 2018. The interest rate has been revised to 2.20% per annum, effective as from 1 August 2018. Consequently this loan was classified as non-current in these financial statements.

(iii) The loan amounting to EUR 16,700,000 granted on 21 August 2015, will be receivable after more than one year. Consequently, this loan was classified as non-current in these financial statements.

(iv) Pursuant to Loan Agreement dated 22 September 2016, the Company ("the lender") advanced an additional loan amounting to EUR 1,750,000 to Covington S.à.r.l ("the borrower") on 26 September 2016, bearing interest rate of 2.25% per annum and receivable in two years' time. Pursuant to board meeting dated 27 September 2018, this loan has been extended for a further 2 years such that the loan will now be receivable by 22 September 2020. The interest rate has been revised to 2.20% per annum, effective from 23 September 2018. Consequently, this loan was classified as non-current in these financial statements.

(vi) The loan amounting to EUR 6,000,000 granted on 27 December 2016, which was receivable by 27 December 2018 was further extended for a period of 2 years pursuant to Board meeting dated 27 September 2018. The interest rate has been revised as well to be 2.20% per annum, effective as from 28 December 2018. Consequently, this loan was classified as non-current in these financial statements.

(vii) Pursuant to Loan Agreements dated 4 April 2017 and 1 September 2017, the Company ("the lender") advanced additional loans of EUR 1,100,000 and EUR 100,000 to Covington S.à.r.l ("the borrower") on 7 April 2017 and 5 September 2017 respectively, bearing interest of 2.25% per annum and receivable within three years and two years respectively. The loan EUR 100,000 was further extended for a period of two years pursuant to board meeting dated 27 September 2018 and consequently, this loan was classified as non-current in these financial statements.

(viii) Pursuant to Loan Agreement dated 1 September 2017, the Company ("the lender") advanced an additional loan of EUR 2,470,000 to Covington S.à.r.l ("the borrower") on 17 July 2018, bearing interest of 2.25% per annum and receivable in 3 years' time.

Pursuant to Board meeting of the Company held on 27 September 2018, the Company ("the lender") has granted a loan up to EUR5,470,000 to Covington S.à.r.l ("the borrower"), bearing interest of 2.20% per annum and receivable in 2 years' time.

- (ix) The director's have taken into consideration both historical analysis and forward-looking information in determining any ECL. The director's consider the probability of default to be close to zero as the Subsidiary has a strong capacity to meet the contractual obligations in the near term and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

## 12 BORROWINGS

	2019	2018
	EUR	EUR
<b>Non-current</b>		
Bank loans (Note 12(ii))	<b>46,856,777</b>	54,163,554
<b>Current</b>		
Bank loans (Note 12(ii))	<b>13,658,852</b>	116,588
Loan from holding company (Note 12(iii))	<b>318,704</b>	313,204
	<b>13,977,556</b>	429,792
<b>Total</b>	<b>60,834,333</b>	54,593,346

- (i) The movement during the year on the borrowings is as follows:

	2019	2018
	EUR	EUR
At 01 April	<b>54,593,346</b>	52,372,178
<i>Loans taken during the year:</i>		
AXIS BANK LIMITED	<b>2,470,000</b>	2,050,000
HSBC Bank (Mauritius) Limited	<b>3,600,000</b>	-
<i>Interest element for the year:</i>		
Interest expense	<b>1,020,103</b>	979,282
Interest payment	<b>(992,340)</b>	(951,337)
Loss on interest rate swaps	<b>234,413</b>	227,047
Interest rate swap payment	<b>(234,413)</b>	(227,047)
<i>Transaction costs incurred for the year:</i>		
Transaction cost incurred	-	-
Amortisation of transaction costs	<b>143,224</b>	143,223
<b>At 31 March</b>	<b>60,834,333</b>	54,593,346

- (ii) **Bank loans**

### **HSBC Bank (Mauritius) Limited**

#### **Loan of EUR 6,850,000**

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 31 July 2014 whereby the loan is repayable on 04 August 2019. The loan bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay in full on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 36,762.

#### **Loan of EUR 3,600,000**

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 28 September 2018 whereby the loan is repayable within 1 year from the date of each drawdown + rollover basis for 1 year tenor. The loan bears

interest at EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 11,250.

### **AXIS BANK LIMITED**

#### **Loans of EUR 47,000,000 and EUR 4,750,000**

The Company (the "Borrower") entered into a Facility Agreement with AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum.

The Company (the "Borrower") entered into a Facility Agreement dated 23 June 2017 with AXIS BANK LIMITED (the "Lender") to borrow USD 4,750,000 and repayable in 60 months. The loan carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. This loan is split into (a) Stand by Letter of Credit ("SBLC") of a maximum amount of EUR 1,680,000 issued by the Company as security against loans borrowed by Holidays Club Resorts India Limited ("HCR") from third parties; and (b) the remaining amount of EUR 3,070,000 is governed by the terms and conditions of the Facility Agreement. At 31 March 2018, only an amount of EUR 600,000 was disbursed. At the reporting date, an additional amount of EUR 2,470,000 was disbursed.

The interest is payable at the end of every 6 months and interest accrued on the loans outstanding at the reporting date amounted to EUR 90,482.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 57,130,000) should be paid to the Guarantor until the loans are fully repaid. During the year ended 31 March 2019, an amount of EUR 310,628 (2018: EUR 304,682) was charged as commission and an amount of EUR 1,111,937 (2018: EUR 801,307) remains payable at 31 March 2019.

Since HCR is also benefiting from the new loan borrowed by the Company in terms of the pledge provided, the latter should therefore pay an annual commission to the Company which is then partly remitted to the Guarantor. During the year under review, an amount of EUR 100,720 was charged as commission and an amount of EUR 173,648 (2018: EUR 72,928) remains receivable at 31 March 2019.

- (iii) During the year ended 31 March 2016, the Company borrowed a loan of EUR 250,000 from Mahindra Holidays & Resorts India Limited ("MHRI") bearing interest of 2.2% per annum and repayable on demand.

- (iv) The Company has entered into an interest rate swap arrangement in respect of its borrowings and during the year, a loss of EUR 234,413 (2018: EUR 227,047) was incurred on the swap arrangement.

## 13 DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018
	EUR	EUR
<b>Non-current</b>	<b>227,632</b>	470,694
Interest rate swaps		
<b>Current</b>		
Interest rate swaps	<b>29,326</b>	-
<b>Total</b>	<b>256,958</b>	470,694

The Company had entered into interest rate swap agreements to manage interest rate risk exposures.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The fair value of the hedging derivative of HSBC Bank (Mauritius) Limited is classified as current liability since the maturity of the hedged item is less than one year.

The notional principal amount of the outstanding interest rate swap at 31 March 2019 was EUR 40,450,000.

At 31 March 2019, the fixed interest rate and fair value based on the interest rate swap are as follows:

Details	Notional Amount	Fixed Interest Rate	Start Date	Maturity Date	Fair Value
	EUR				EUR
AXIS BANK LIMITED	33,600,000	0.2526%	22 December 2015, 03 January 2017 and 07 April 2017	28 August 2020	227,632
HSBC Bank (Mauritius) Limited	6,850,000	0.275%	31 July 2014	31 July 2019	29,326
	<b>40,450,000</b>				<b>256,958</b>

During the year under review, an amount of EUR 234,413 (2018: EUR 227,047) (Note 10.2 to the financial statements) was recognised in the income statement representing loss relating to interest rate swaps of the borrowings from variable interest rates (LIBOR) to the fixed interest rate. The net fair value movement on the derivative financial instruments amounted to EUR 213,736 (2018: EUR 56,779) during the year under review.

#### 14 RECEIVABLE AND PREPAYMENTS

	2019	2018
	EUR	EUR
Receivable from related party (Note 14(i))	173,648	72,928
Prepayments	2,552	2,263
	<b>176,200</b>	<b>75,191</b>

- (i) The amount receivable from the related party is unsecured, interest free and receivable on demand.
- (ii) The director's have taken into consideration both historical analysis and forward-looking information in determining any ECL. The director's consider the probability of default to be close to zero as the related company has a strong capacity to meet the contractual obligations in the near term and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

#### 15 PROFESSIONAL FEES

	2019	2018
	EUR	EUR
Administration fees and disbursements	17,051	14,898
Director's fees	3,121	3,593
Fees for tax filings	1,544	1,926
Secretarial fees	1,362	1,361
Professional fees	405	20,252
	<b>23,483</b>	<b>42,030</b>

#### 16 TRANSACTION COSTS

	2019	2018
	EUR	EUR
Agency fees	500	500
Brokerage fees	138,425	138,425

	2019	2018
	EUR	EUR
Legal fees	4,299	4,298
	<b>143,224</b>	<b>143,223</b>

Transaction costs relate to charges in respect of loan taken from AXIS BANK LIMITED (Note 13 (ii) to these financial statements). The costs have been amortised over a period of 5 years, which is the tenure of the loan.

#### 17 ACCRUALS

	2019	2018
	EUR	EUR
Commission on Corporate Guarantee	1,111,937	801,307
Audit fees	5,650	5,366
Administration fees	4,503	4,466
Disbursements	62	-
	<b>1,122,152</b>	<b>811,139</b>

#### 18 STATED CAPITAL

	2019	2018
	EUR	EUR
<b>Issued and paid:</b>		
145,000 Ordinary shares of EUR1 each	145,000	145,000

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

#### 19 CASH FLOW INFORMATION

##### Net debt reconciliation

	2019	2018
	EUR	EUR
<b>Net debt</b>		
Borrowings:		
- Repayable within one year	13,977,556	429,792
- Repayable after one year	46,856,777	54,163,554
	<b>60,834,333</b>	<b>54,593,346</b>

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
Net debt as at 01 April 2018	429,792	54,163,554	54,593,346
<b>Cash flows:</b>			
- Additional loan from AXIS Bank Limited	-	2,470,000	2,470,000

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
- Additional loan from HSBC Bank (Mauritius) Limited	-	3,600,000	3,600,000
- Interest paid	(992,340)	-	(992,340)
- Interest rate swap paid	(234,413)	-	(234,413)
<b>Non cash movement:</b>			
- Loss on interest rate swaps	234,413	-	234,413
- Amortisation of loan	-	143,224	143,224
- Interest expense	1,020,103	-	1,020,103
<b>Net debt as at 31 March 2019</b>	<b>457,555</b>	<b>60,376,778</b>	<b>60,834,333</b>

## 20 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2019, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of Relationship	Nature of transactions	Volume of transactions	Debit/ (credit) balances at 31 March 2019	Debit/ (credit) balances at 31 March 2018
			EUR	EUR	EUR
Covington S.à.r.l. (Note 11 (i))	Subsidiary	Loans	5,708,904	35,490,855	29,781,951
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Loan	-	(250,000)	(250,000)
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Interest payable	5,500	(68,704)	(63,204)

Name of companies	Nature of Relationship	Nature of transactions	Volume of transactions	Debit/ (credit) balances at 31 March 2019	Debit/ (credit) balances at 31 March 2018
			EUR	EUR	EUR
Holidays Club Resorts India Limited (Note 14)	Indirect Subsidiary	Receivable	100,720	173,648	72,928
Mahindra Holidays and Resorts India Limited (Note 12(ii))	Holding company	Commission on Corporate Guarantee	310,630	(1,111,937)	(801,307)

The terms and conditions of the loans, receivable from related party and payable to holding company are as disclosed in the notes to the financial statements.

## 21. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2019.

## 22. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholder.

The Company's accumulated losses have increased over the years to reach EUR 3,410,788 as at 31 March 2019 (31 March 2018: EUR 2,845,001) and has also a net liability position of EUR 3,265,788 (31 March 2018: EUR 2,700,001). The director's are of the opinion that financial support from the shareholder will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

## 23. EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2019 financial statements.

## 24. HOLDING COMPANIES

The director's consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### *Opinion*

We have audited the annual accounts of Covington S.a r.l. (the "Company"), which comprise the balance sheet as at 31 March 2019, and the profit and loss account for the year ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts gives a true and fair view of the financial position of the Company as at 31 March 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

### *Basis for Opinion*

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of the Board of Managers for the annual accounts*

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts*

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

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

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
  - Conclude on the appropriateness of Board of Managers' 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 report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts 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 report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- KPMG!

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 Luxembourg  
Société cooperative  
Cabinet de révision agree  
S.yeo

Luxembourg,  
Date: 7 May 2019

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	<b>Notes</b>	<b>31-03-2019</b> EUR	31-03-2018 EUR
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Financial fixed assets	3		
Shares in affiliated undertakings		<b>65,879,136.21</b>	61,560,473.66
		<b><u>65,879,136.21</u></b>	<b><u>61,560,473.66</u></b>
<b>CURRENT ASSETS</b>			
Debtors	4		
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
becoming due and payable within one year		<b>3,239,853.77</b>	1,014,520.54
Other debtors			
becoming due and payable within one year		<b>2,407.50</b>	11,295.30
Cash at bank and in hand		<b>55,138.84</b>	1,309.18
Prepayments		<b>6,108.86</b>	4,976.98
<b>TOTAL ASSETS</b>		<b><u>69,182,645.18</u></b>	<b><u>62,592,575.66</u></b>
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
Capital and Reserves	5		
Subscribed capital		<b>12,500.00</b>	12,500.00
Share premium account		<b>23,165,000.00</b>	23,165,000.00
Profit or loss brought forward		<b>(600,524.62)</b>	(651,153.09)
Profit or loss for the financial year		<b>819,182.81</b>	50,628.47
		<b><u>23,396,158.19</u></b>	<b><u>22,576,975.38</u></b>
Creditors	6		
Trade Creditors			
becoming due and payable within one year		<b>71,889.64</b>	50,876.88
Amounts owed to affiliated undertakings			
becoming due and payable within one year		<b>17,419,403.00</b>	12,047,353.40
becoming due and payable after more than one year		<b>18,289,879.35</b>	17,900,000.00
Other Creditors			
Tax authorities		<b>5,315.00</b>	14,945.00
Other Creditors			
becoming due and payable within one year		<b>6,500,000.00</b>	2,425.00
becoming due and payable after more than one year		<b>3,500,000.00</b>	10,000,000.00
		<b><u>45,786,486.99</u></b>	<b><u>40,015,600.28</u></b>
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b><u>69,182,645.18</u></b>	<b><u>62,592,575.66</u></b>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Notes	Period from 01/04/2018 to 31/03/2019 EUR	Period from 01/04/2017 to 31/03/2018 EUR
<b>Raw materials and consumables and other external expenses</b>	7	<b>(168,845.52)</b>	(193,955.58)
Other external expenses		<b>(168,845.52)</b>	(193,955.58)
<b>Other operating expenses</b>		<b>(1,300.10)</b>	–
<b>Income from participating interests</b>	8	<b>1,793,132.00</b>	1,075,878.90
Derived from affiliated undertakings		<b>1,793,132.00</b>	1,075,878.90
<b>Other interest receivable and similar income</b>	9	<b>258,648.66</b>	197,924.64
Derived from affiliated undertakings		<b>73,995.78</b>	14,520.54
Other interest and similar income		<b>184,652.88</b>	183,404.10
<b>Interest payable and similar expenses</b>	10	<b>(1,055,532.23)</b>	(1,024,404.49)
Concerning affiliated undertakings		<b>(870,879.35)</b>	(841,000.39)
Other interest and similar expenses		<b>(184,652.88)</b>	(183,404.10)
<b>Tax on profit or loss</b>	11	<b>(500.00)</b>	–
<b>Profit or loss after taxation</b>		<b>825,602.81</b>	55,443.47
<b>Other taxes not shown under items 1 to 16</b>	11	<b>(6,420.00)</b>	(4,815.00)
<b>Profit or loss for the financial year</b>		<b>819,182.81</b>	50,628.47

## NOTES TO THE ANNUAL ACCOUNTS

### Note 1 - General information

Covington S.à r.l., hereinafter the “Company”, was incorporated on November 27, 2013 as a “société à responsabilité limitée” for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 182 265.

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Based on the criteria defined by article 1711-7 of the Luxembourg law, the Company is exempt from the obligation to draw up consolidated accounts and a consolidation management report for the year ended March 31, 2019.

The Company is included in the consolidated accounts of Mahindra Holidays & Resorts India Limited, forming the smallest and largest body of undertakings of which the Company forms a part as direct subsidiary undertakings. The registered office of that company is located at Mahindra Towers, 2nd floor, 17/18 Patullos Road, Chennai - 600 002 and the consolidated financial statements are available at the registered address.

### OBJECT

The object of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

### Note 2 - Summary of significant accounting policies and valuation rules

#### Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended law of December 19, 2002, (the “Law”), determined and applied by the managers of the Company (the “Board of Managers”) in conformity with the going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Board of Managers believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements 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.

#### Significant accounting policies and valuation rules

The main accounting and valuation rules applied by the Company are the following:

##### Financial assets

Shares in affiliated undertakings or participating interests are valued at acquisition cost including the expenses incidental thereto. Loans to these undertakings/investment held as fixed assets and other loans are valued at nominal value.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

##### Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

##### Creditors

Creditors are stated at their nominal value.

##### Current tax liability

The tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption “Tax authorities”. The advance payments are shown in the assets of the balance sheet under the caption “Other Debtors”, if applicable.

##### Foreign currency translation

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the “historical exchange rate”).

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg (“Lux Gaap”), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.



**Note 3 - Financial assets**

a) The movements for the year are as follows:

	Shares in affiliated undertakings EUR	Total EUR
<b>Gross book value - opening balance</b>	<b>61,560,473.66</b>	<b>61,560,473.66</b>
Additions for the year	4,318,662.55	4,318,662.55
<b>Gross book value - closing balance</b>	<b>65,879,136.21</b>	<b>65,879,136.21</b>
<b>Net book value - closing balance</b>	<b>65,879,136.21</b>	<b>65,879,136.21</b>
<b>Net book value - opening balance</b>	<b>61,560,473.66</b>	<b>61,560,473.66</b>

Mahindra Holidays & Resorts India Ltd. (MHRIL) and certain management employee, shareholders of Holiday Club Resorts Oy (HCRO) had executed an Option agreement in September 2015. Subsequently the option agreement was assigned to the Company.

On January 11 2017, the Company purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985. Transfer tax of 1.6% related to the purchase of the above shares is also capitalised.

On March 21, 2017, the Company exercised the options to buy 127,160 shares in HCRO (110,260 shares for EUR 1,929,550 and 16,900 shares for EUR 228,150). The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in HCRO increased to 90.92%. This, combined with the indirect shareholding of 4.24%, amounts to a 95.16% holding in HCRO.

On August 20, 2018, the Company exercised the options to buy the remaining 26,310 shares under Option Agreement for a total amount of EUR 829,291.20 (EUR 31.52 per share) and 18,500 shares covered under HCR Agreement for a total amount of EUR 468,605.00 (EUR 25.33 per share). Transfer tax of 1.6% related to the purchase of above shares is also capitalised.

On November 12, 2018, the Company converted a part of its loans with HCRO into 200,000 new shares at the subscription price of EUR 15.00 per share for a total amount of EUR 3,000,000 whereby the direct shareholding of the Company in HCRO increased to 92.44%. This combined with the indirect shareholding of 4.04%, amounts to a 96.48%.

b) Undertakings in which the Company holds at least 20% interests in their share capital as at 31.03.2019 are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date (EUR)	Result for the last financial year (EUR)	Net book value 31/03/2019 (EUR)	Net book value 31/03/2018 (EUR)
Holiday Club Resorts Oy	Finland	92.44%	31/03/2018	63,232,952.11	4,724,160.13	<b>62,079,254.82</b>	57,760,592.27
HCR Management Oy (*)	Finland	100.00%	31/03/2018	2,138,204.58	49,815.32	<b>3,799,881.39</b>	3,799,881.39
<b>Total</b>						<b>65,879,136.21</b>	61,560,473.66

(\*) Based on unaudited management accounts

As at the end of the financial year, the Managers estimated that the financial assets do not present any durable loss in value.

**Note 4 - Debtors**

This caption is detailed as follows:

	Within one year	After one year and within five years	31.03.2019 (EUR)	31.03.2018 (EUR)
<u>Amounts owed to affiliated undertakings:</u>				
Loans to Holiday Club Resorts OY - Principal (*)	3,151,337.45	-	<b>3,151,337.45</b>	1,000,000.00
Loans to Holiday Club Resorts OY - Accrued interest	88,516.32	-	<b>88,516.32</b>	14,520.54
<u>Other debtors:</u>				
Corporate income tax - Advances	-	-	-	3,210.00
Net Wealth tax - Advances	2,407.50	-	<b>2,407.50</b>	8,085.30
<b>Total</b>	<b>3,242,261.27</b>	-	<b>3,242,261.27</b>	1,025,815.84

(\*) On September, 1<sup>st</sup> 2017, the Company agreed to lend to Holiday Club Resorts Oy the sum of EUR 2,000,000 which bears interest at a nominal rate of 2.50% per annum. The tenure of the loan is one year, extendable with the consent of the Company. On August 20, 2018, EUR 1,318,662.55 has been repaid. On November 12, 2018, the remaining amount of EUR 681,337.45 together with the EUR 2,318,662.55 out of the remaining loan of EUR 2,470,000.00 from the second loan (below) has been converted into 200,000 new shares at the subscription price of EUR 15.00 per share for a total value of EUR 3,000,000.

On July 17, 2018, the Company entered into a second loan agreement with Holiday Club Resorts Oy for an amount up to EUR 3,000,000 with an interest rate of 2.50%. On July 23, 2018, the Company paid out an amount of EUR 2,470,000 to Holiday Club Resorts Oy. As stated above, on November 12, 2018, EUR 2,318,662.55 of the loan have been converted into equity. On March 31, 2019, the outstanding amount of this loan is EUR 151,337.45.

On October 5, 2018, the Company entered into a third loan agreement of EUR 3,000,000 with Holiday Club Resorts Oy with an interest rate of 2.20% per annum. The maturity date of this loan is October 4, 2019.

**Note 5 - Capital and reserves****Subscribed capital and share premium (and similar premiums)**

The share capital of the Company amounts to EUR 12,500.00 and is divided into 12,500 shares fully paid up to EUR 12,500.00 without nominal value.

The movements on the "Subscribed capital" caption during the year are as follows:

	Share capital	Total number of Shares
	EUR	EUR
<b>Opening balance</b>	<b>12,500.00</b>	<b>12,500</b>
Subscriptions for the year	-	-
<b>Closing balance</b>	<b>12,500.00</b>	<b>12,500</b>

**Share premium accounts**

The movements on the "Share premium account" caption during the year are as follows:

	Share premium
	EUR
<b>Opening balance</b>	<b>23,165,000.00</b>
Additions for the year	-
<b>Closing balance</b>	<b>23,165,000.00</b>

**Legal reserve**

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

**Movements for the year on the reserves and profit/loss captions**

	Legal reserve	Reserve for own shares	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Interim dividends
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As at the beginning of the year</b>	-	-	-	(651,153.09)	50,628.47	-
<u>Allocation of the prior year's result:</u>						
Allocation to the result brought forward	-	-	-	50,628.47	(50,628.47)	-
Profit or loss for the year	-	-	-	-	819,182.81	-
<b>As at the end of the year</b>	-	-	-	(600,524.62)	819,182.81	-

**Note 6 - Creditors**

Creditors as at 31.03.2019 are composed of the following:

	Within one year	After one year and within five years	Total 31.03.2019	Total 31.03.2018
	EUR	EUR	EUR	EUR
<u>Trade creditors</u>	71,889.64	-	71,889.64	50,876.88
<u>Amounts owed to affiliated undertakings:</u>				
Loans from MHR Holdings (Mauritius) Ltd. - Principal (*)	16,700,000.00	17,920,000.00	34,620,000.00	29,150,000.00
Loans from MHR Holdings (Mauritius) Ltd. - Accrued interest	501,000.00	369,879.35	870,879.35	631,951.40
Mahindra Holidays & Resorts India Ltd. (*)	218,403.00	-	218,403.00	165,402.00
<u>Tax debts:</u>				
Corporate income tax - estimated tax 2015	-	-	-	3,210.00
Net wealth tax - estimated tax 2019	4,815.00	-	4,815.00	11,235.00
Withholding tax on director's fees	500.00	-	500.00	500.00
<u>Other creditors:</u>				
Director fees	-	-	-	2,425.00
Loan from RCI Europe (**)	6,500,000.00	3,500,000.00	10,000,000.00	10,000,000.00
<b>Total</b>	<b>23,996,607.64</b>	<b>21,789,879.35</b>	<b>45,786,486.99</b>	<b>40,015,600.28</b>

(\*) The loan owed to affiliated undertakings are as follows:

	Interest rate	Maturity	Total 31.03.2019	Total 31.03.2018
			EUR	EUR
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	31/07/2020	3,500,000.00	3,500,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	3.00%	21/08/2019	16,700,000.00	16,700,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	22/09/2020	1,750,000.00	1,750,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	27/12/2020	6,000,000.00	6,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.25%	20/09/2020	1,100,000.00	1,100,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.25%	31/08/2020	2,570,000.00	100,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	03/10/2020	3,000,000.00	-
Payable owed to Mahindra Holidays & Resorts India Ltd	0.00%	-	218,403.00	165,402.00
<b>Total</b>			<b>34,838,403.00</b>	<b>29,315,402.00</b>

On September 10, 2014, a loan agreement up to EUR 100,000 has been made between MHR Holdings (Mauritius) Ltd and Covington S.à.r.l., bearing an interest of 2.2% per annum. The maturity date is September 9, 2020. The loan has never been drawdown.

EUR 3,500,000.00 loan which bears interest at a nominal rate of 2.2% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on July 31, 2020 and the accrued interests as at March 31, 2019 amount to EUR 98,057.51.

EUR 16,700,000.00 loan which bears interest at a nominal rate of 3% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on August 21, 2017 however an extension of the repayment date of the loan until August 2019 has been agreed by both parties in September, 2017. The accrued interests as at March 31, 2019 amount to EUR 501,000.00.

EUR 1,750,000.00 which bears interest at a nominal rate of 2.2% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on September 22, 2020 and the accrued interests as at March 31, 2019 amount to EUR 38,919.53.

EUR 6,000,000.00 loan which bears interest at a nominal rate of 2.2% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on December 27, 2020 and the accrued interests as at March 31, 2019 amount to EUR 134,227.38.

EUR 1,100,000.00 loan which bears interest at a nominal rate of 2.25% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on September 20, 2020 and the accrued interests as at March 31, 2019 amount to EUR 24,749.99.

EUR 2,570,000.00 loan which bears interest at a nominal rate of 2.25% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on August 31, 2020 and the accrued interests as at March 31, 2019 amount to EUR 41,557.79.

EUR 3,000,000 loan which bears interest at a nominal rate of 2.20 % per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à.r.l. The maturity date of the loan is on October 3, 2020 and the accrued interest as at March 31, 2019 amount to EUR 32,367.12.

MHR Holdings (Mauritius) Ltd. considers to extend the repayment date of the loans for a period as mutually agreed upon. The necessary agreement for renewal of the loans will be executed on or before the due dates of the loans.

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 218,403.00 does not bear any interest and has no maturity date.

(\*\*) The loan from RCI Europe, amounting to a total amount of EUR 10,000,000.00 has been taken in two tranches on August 4, 2014 and bears interest at a nominal rate of 2% per annum + EURIBOR12M. The first tranche of EUR 6,500,000 has been drawdown on August 5, 2014 and is due on August 4, 2019. The second tranche of EUR 3,500,000 has been drawdown on August 26, 2015 and is due on August 25, 2020. The accrued interests as at March 31, 2019 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

**Note 7 - Other external expenses**

	2019	2018
<b>This caption is detailed as follows:</b>	<b>EUR</b>	<b>EUR</b>
Professional fees	106,133.96	130,530.46
Commission on Corporate Guarantee	53,001.00	53,001.00
Director's' fees	5,186.29	6,100.00
Bank fees	4,174.27	3,974.12
Luxembourg Chamber of Commerce contribution	350.00	350.00
	<u>168,845.52</u>	<u>193,955.58</u>

**Note 8 - Income from participating interests**

	2019	2018
<b>This caption is detailed as follows:</b>	<b>EUR</b>	<b>EUR</b>
Dividend from HCRO	1,793,132.00	1,075,878.90
	<u>1,793,132.00</u>	<u>1,075,878.90</u>

**Note 9 - Other interest and similar financial income**

	2019	2018
<b>This caption is detailed as follows:</b>	<b>EUR</b>	<b>EUR</b>
Concerning affiliated undertakings:		
Interest receivable from HCRO	73,995.78	14,520.54
Other interest and similar income		
Waiver on interest payable to RCI Europe	184,652.88	183,404.10
	<u>258,648.66</u>	<u>197,924.64</u>

**Note 10 - Interest payable and similar charges**

	2019	2018
<b>This caption is detailed as follows:</b>	<b>EUR</b>	<b>EUR</b>
Concerning affiliated undertakings:		
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6)	870,879.35	841,000.39
Other interest and similar expenses		
Interest charge on loan amounts owed to RCI Europe (See Note 6)	184,652.88	183,404.10
	<u>1,055,532.23</u>	<u>1,024,404.49</u>

**Note 11 - Taxation**

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

**Note 12 - Off balance sheet commitments and contingencies**

The Company does not have any off balance sheet commitments or contingencies at the end of the financial year.

**Note 13 - Subsequent events**

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

## DIRECTORS' REPORT

The Directors hereby submit their report together with the Audited Financial Statements of the Company for the financial year ended on March 31, 2019.

### OPERATIONS

The Group is the largest operator of leisure hotels in Finland and the largest vacation ownership company in Europe.

The Group has 33 resorts in Finland (25), Sweden (2) and in Spain (6). These resorts are fully operational.

There have been no significant changes in the nature of the principal activities during the financial period under review.

### CHANGES IN THE GROUP STRUCTURE AND ITS BUSINESS

In May 2018 Kiinteistö Oy Himoksen Tähti 2 merged to Holiday Club Resorts Oy. In December 2018 Holiday Club Canarias Investment SLU acquired the shares of Passeport Sante SLU. In March 2019 Holiday Club Resorts Oy sold the shares of Kiinteistö Oy Sallan Kylpylä (49% of shares).

### FINANCIAL HIGHLIGHTS

The results for the financial period and financial position of the Group are as shown in the annexed Financial Statements.

During the period under review (1.4.2018-31.3.2019) the Group has earned a revenue of 154.6 m€ (158.9 m€) and made a profit of 0.5 m€ (4.7 m€). The parent company revenue for the same period was 124.9 m€ (130.2 m€) and profit 1.6 m€ (3.3 m€).

Turnover in all other business areas except in Villas sales increased. Villas business turnover decreased 6,9 m€ compared to previous year. Number of constructed Villas apartments was less and some projects will continue in the next financial year. The revenue is recognized based on percentage of completion.

Main items affecting the financial result of the Group were due to challenges in the construction projects in Sweden, which resulted in additional costs of 2,9 m€ on account of rework and bringing new contractors to complete the work. Exceptionally warm summer affected the performance of spa hotels and timeshare sales. The turnover and operational profit of the group have been higher than in the previous year in the last quarter.

Company's business in Canary Islands and the Spa hotel operation in Sweden (Åre) have been growing profitably. Domestic and international demand for company's products in the northern Finland has also increased.

### DIVIDENDS

The parent company's reserves and cumulative profits are 47.582.405,29 euros. The parent's company's assets for profit distribution are 5.187.230,65 euros of which profit for the financial period is 1.642.022,54 euros.

The Board proposes to the Annual General Meeting that the assets eligible for profit distribution be appropriated as follows:

0,30 euro/share, distributed as dividends	<b>1 243 374,60</b>	euro
Retained in equity	<b>3 943 856,05</b>	euro
	<b>5 187 230,65</b>	

### DIRECTORS

The directors shown below have held office during the financial period under review:

- 1) Arunkumar Nanda, Chairman
- 2) Sridar Iyengar
- 3) Timo Rantala, appointed w.e.f. 23rd May, 2018
- 4) Eero Suomela appointed w.e.f. 23rd May, 2018
- 5) Teuvo Salminen, until 23rd May, 2018
- 6) Vesa Tengman, until 23rd May, 2018
- 7) Klaus Stiebleichinger, until 19th of November 2018

Kavinder Singh has been appointed to be a member and vice chairman of the board w.e.f. 1st of April 2019.

Iiro Rossi, the managing director of the company has resigned in December 2018 and will continue in his position until May 7th 2019. Recruitment of the new managing director is in process.

### STATEMENT OF DIRECTORS

In the opinion of the Board of Directors, the accompanying Financial Statements together with notes, annexures etc. as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial period in which this report is made.

### ISSUE OF SHARES

Extraordinary General Meeting of Holiday Club Resorts Oy on 18th of October 2018 decided to increase the share capital through a directed issue. The subscription price of the shares was € 15.0 per share, which was transferred to reserves for invested non-restricted equity. The participant in the directed issue was Covington S.a.r.l (200.000 shares).

### HOLDING COMPANY

The Company is a subsidiary of Covington S.à.r.l. (ownership 96,5 % of the shares, 4% of ownership coming through HCR Management Oy). Other shareholder is Fennia Group (3,5 %).

Covington S.à.r.l. is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

#### COMPLIANCE

The Company has complied with the relevant corporate and other applicable Laws, Rules and Regulations and there are no such incidences of non-compliances noted during the financial period under review.

#### AUDITORS

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at March 31, 2019. KPMG Oy Ab, APA Esa Kailiala is the responsible auditor of the company.

#### ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities,

Customers and most important all the employees during the period under review.

Signed on behalf of the Board of Directors of Holiday Club Resorts Oy

In Helsinki 30th of April 2019

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**Arunkumar Nanda**  
Chairman of the Board

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**Sridar Iyengar**  
*Director*

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**Kavinder Singh**  
*Director*

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**Timo Rantala**  
*Director*

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**Eero Suomela**  
*Director*

## AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Holiday Club Resorts Oy (business identity code 2033337-1) for the year ended 31 March, 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements**

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Director's' and the Managing 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 parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Other reporting requirements**

**Other information**

The Board of Director's and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Director's. Our opinion on the financial statements does not cover the other information.

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. Our responsibility also includes considering whether the report of the Board of Director's has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Director's is consistent with the information in the financial statements and the report of the Board of Director's has been prepared in accordance with the applicable laws and regulations.

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

**KPMG OY AB**  
**ESA KAILIALA**  
Authorised Public Accountant, KHT

Place: Helsinki  
Date: 30 April 2019

**PROFIT AND LOSS STATEMENT FOR THE GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

		Eur	Eur
	Note	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
<b>TURNOVER</b>			
REVENUE	1	<b>154,563,251.87</b>	158,854,503.21
<b>Other operating income</b>	2	<b>6,026,718.28</b>	6,192,303.23
Share of Associated Company Profit/(Loss)		<b>10,239.33</b>	(25,236.86)
Materials and services	3	<b>(59,060,692.79)</b>	(58,950,997.57)
Personnel expenses	4	<b>(38,616,525.43)</b>	(38,293,594.87)
Depreciations and impairments	5	<b>(5,727,584.93)</b>	(5,738,926.12)
Other operating expenses	6	<b>(55,624,388.58)</b>	(55,742,923.18)
<b>PROFIT/(LOSS)</b>		<b>1,571,017.75</b>	6,295,127.82
Financial income and expenses	7	<b>(744,663.06)</b>	(759,520.02)
<b>PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>826,354.69</b>	5,535,607.81
Income taxes	9	<b>(330,907.45)</b>	(986,800.14)
Minority Share		<b>14,128.08</b>	175,352.46
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>509,575.32</b>	4,724,160.13



**BALANCE SHEET FOR THE GROUP AS AT 31<sup>ST</sup> MARCH 2019**

		Eur	Eur
	Note	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Intangible assets	10	9,339,021.00	9,785,856.04
Group goodwill	10	23,766.47	35,174.27
Tangible assets	11	36,924,645.40	38,278,733.83
Investments	12	5,129,586.62	4,620,509.39
<b>TOTAL NON CURRENT ASSETS</b>		<b>51,417,019.49</b>	<b>52,720,273.53</b>
<b>CURRENT ASSETS</b>			
Inventories	14	59,310,909.14	58,170,343.56
Long-term receivables	15	1,111,837.55	1,353,981.28
Deferred tax receivables	19	1,424,173.93	1,407,348.86
Short-term receivables	16	16,859,136.44	19,251,986.63
Financial instruments		3,558.00	3,558.00
Cash and cash equivalents		3,175,899.54	2,826,839.54
<b>TOTAL CURRENT ASSETS</b>		<b>81,885,514.59</b>	<b>83,014,057.86</b>
<b>TOTAL ASSETS</b>		<b>133,302,534.08</b>	<b>135,734,331.39</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	11,959,146.00	11,959,146.00
Reserve for invested non-restricted equity		42,395,174.64	39,395,174.64
Profit/(loss) from previous years		9,521,210.00	7,154,471.33
Profit/(loss) for the financial year		509,575.32	4,724,160.13
<b>TOTAL EQUITY</b>		<b>64,385,105.97</b>	<b>63,232,952.11</b>
<b>MINORITY SHARE</b>		<b>404,093.50</b>	<b>422,805.60</b>
<b>LIABILITIES</b>			
Deferred tax liabilities	18	257,201.60	191,673.00
Long-term liabilities	19	8,880,332.13	9,488,244.15
Short-term liabilities	20	59,375,800.89	62,398,656.52
<b>TOTAL LIABILITIES</b>		<b>68,513,334.62</b>	<b>72,078,573.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,302,534.09</b>	<b>135,734,331.39</b>

**CASH FLOW STATEMENT FOR THE GROUP FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Eur
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
<b>Cash flow from operating activities</b>		
Profit/(loss) before appropriations and taxes	826,355	5,535,608
<b>Adjustments:</b>		
Depreciations	5,727,585	5,738,926
Other non-cash items	(595,167)	(914,237)
Financial income and expenses	745,233	802,672
<b>Cash generated from operations before net working capital</b>	<b>6,704,005</b>	11,162,969
<b>Change in net working capital</b>		
Change in non-interest-bearing receivables	2,692,075	2,185,205
Change in inventories	(1,865,524)	(7,146,447)
Change in non-interest-bearing liabilities	(1,645,339)	4,877,560
<b>Cash generated from operations before financial items and taxes</b>	<b>5,885,217</b>	11,079,288
Interest expenses paid and other financial expenses	(794,549)	(951,509)
Dividend received	910	1,241
Interest income received	224,669	232,361
Income taxes paid	(1,424,281)	(332,877)
<b>Net cash flow from operating activities</b>	<b>3,891,966</b>	10,028,504
<b>Cash flow from investments activities</b>		
Investments in tangible and intangible assets	(4,490,965)	(6,197,157)
Proceeds from sale of tangible and intangible assets	861,559	1,616,059
Investments in other investments	(22,359)	(543,304)
Proceeds from accounted for using the equity method	431,200	0
<b>Net cash flow from investing activities</b>	<b>(3,220,565)</b>	(5,124,402)
<b>Cash flow from financing activities</b>		
Proceeds from short-term borrowings	5,151,337	2,099,568
Repayments in short-term borrowings	(1,445,555)	25,457
Proceeds from long-term borrowings	3,300,000	2,705,046
Repayments in long-term borrowings	(5,044,167)	(9,094,946)
Dividends paid	(1,972,291)	(1,183,375)
<b>Net cash used in financing activities</b>	<b>(10,676)</b>	(5,448,249)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>660,725</b>	(544,147)
<b>Cash and cash equivalents at the beginning of period</b>	<b>2,830,398</b>	3,634,635
Effects of exchange rate fluctuations on cash held	(311,665)	(260,090)
<b>Cash and cash equivalents at the end of period</b>	<b>3,179,458</b>	2,830,398
<b>Change in net cash</b>	<b>660,725</b>	(544,147)

**PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Note	Eur 1.4.2018- 31.3.2019	Eur 1.4.2017- 31.3.2018
<b>TURNOVER</b>	<b>1</b>	<b>124,933,021.77</b>	130,241,499.86
<b>OTHER OPERATING INCOME</b>	<b>2</b>	<b>5,625,938.56</b>	4,781,192.38
Materials and services	3	<b>(49,653,907.81)</b>	(51,942,054.02)
Personnel expenses	4	<b>(29,285,574.29)</b>	(28,629,166.38)
Depreciations and impairments	5	<b>(3,705,591.35)</b>	(3,662,260.69)
Other operating expenses	6	<b>(45,189,939.79)</b>	(44,356,865.61)
<b>PROFIT/(LOSS)</b>		<b>2,723,947.09</b>	6,432,345.54
Financial income and expenses	7	<b>(438,777.49)</b>	(1,755,983.74)
<b>PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>2,285,169.60</b>	4,676,361.80
Appropriations	8	<b>(375,643.01)</b>	(395,166.91)
Income taxes	9	<b>(267,504.05)</b>	(951,807.69)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>1,642,022.54</b>	3,329,387.20

PARENT COMPANY BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

	Note	Eur 1.4.2018- 31.3.2019	Eur 1.4.2017- 31.3.2018
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Intangible assets	10	8,379,217.15	8,352,820.38
Tangible assets	11	12,385,269.71	12,514,264.44
Investments			
Shares of the group companies	12	7,657,146.99	8,378,328.44
Shares of the associated companies	12	217,500.00	648,700.00
Receivables from group companies	16	11,708,982.50	11,838,433.34
Other shares	12	4,846,069.19	4,160,424.22
Other receivables	12	64,548.68	64,548.68
<b>TOTAL NON CURRENT ASSETS</b>		<b>45,258,734.22</b>	<b>45,957,519.50</b>
<b>CURRENT ASSETS</b>			
Inventories	14	46,234,335.20	45,481,957.26
Long-term receivables	15	13,464,240.48	13,376,651.35
Short-term receivables	16	15,994,967.00	16,470,155.22
Financial instruments		3,558.00	3,558.00
Cash and cash equivalents		1,558,577.50	373,368.64
<b>TOTAL CURRENT ASSETS</b>		<b>77,255,678.18</b>	<b>75,705,690.47</b>
<b>TOTAL ASSETS</b>		<b>122,514,412.40</b>	<b>121,663,209.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	11,959,146.00	11,959,146.00
Reserve for invested non-restricted equity		42,395,174.64	39,395,174.64
Profit/(loss) from previous years		3,545,208.11	2,188,111.91
Profit/(loss) for the financial year		1,642,022.54	3,329,387.20
<b>TOTAL EQUITY</b>		<b>59,541,551.29</b>	<b>56,871,819.75</b>
<b>ACCUMULATED DEPRECIATION</b>	18	<b>1,154,903.11</b>	<b>827,260.10</b>
<b>LIABILITIES</b>			
Long-term liabilities	20	10,948,631.47	10,219,823.76
Short-term liabilities	21	50,869,326.53	53,744,306.36
<b>TOTAL LIABILITIES</b>		<b>61,817,958.00</b>	<b>63,964,130.12</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>122,514,412.40</b>	<b>121,663,209.97</b>

**CASH FLOW STATEMENT FOR THE PARENT COMPANY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur 1.4.2018- 31.3.2019	Eur 1.4.2017- 31.3.2018
<b>Cash flow from operating activities</b>		
Profit/(loss) before appropriations and taxes	2,285,169.60	4,676,361.80
<b>Adjustments:</b>		
Depreciations	3,705,591.35	3,662,260.69
Sales Profit/(Loss) from the Sales of Non-Current Assets	(339,964.32)	(90,150.63)
Other non-cash items	(638,556.19)	0.00
Financial income and expenses	438,777.49	1,755,983.74
<b>Cash generated from operations before net working capital</b>	<b>5,451,017.93</b>	<b>10,004,455.60</b>
<b>Change in working capital</b>		
Change in non-interest-bearing receivables	3,740.13	(1,041,051.59)
Change in inventories	(1,415,664.09)	(4,933,273.04)
Change in non-interest-bearing liabilities	185,027.74	4,074,309.70
<b>Cash generated from operations before financial items and taxes</b>	<b>4,224,121.71</b>	<b>8,104,440.67</b>
Interest expenses paid and other financial expenses	(678,827.70)	(829,376.86)
Income taxes paid	(1,222,984.52)	(235,903.67)
<b>Net cash flow from operating activities</b>	<b>2,322,309.49</b>	<b>7,039,160.14</b>
<b>Cash flow from investments activities</b>		
Investments in tangible and intangible assets	(4,125,592.47)	(4,970,715.46)
Proceeds from sale of tangible and intangible assets	861,559.40	152,385.19
Investments in group companies	(1,500.00)	(9,900.00)
Investments in other investments	(22,358.82)	(543,304.19)
Proceeds from accounted for using the equity method	431,200.00	0.00
Interest received from investments	832,567.17	93,222.20
Dividends received from investments	910.12	1,241.20
<b>Net cash flow from investing activities</b>	<b>(2,023,214.60)</b>	<b>(5,277,071.06)</b>
<b>Cash flow from financing activities</b>		
Proceeds from short-term borrowings	3,835,180.15	3,541,941.84
Proceeds from long-term borrowings	3,000,000.00	5,849,131.76
Repayments in long-term borrowings	(4,012,764.41)	(10,160,322.40)
Dividends paid	(1,972,291.00)	(1,183,374.60)
<b>Net cash used in financing activities</b>	<b>850,124.74</b>	<b>(1,952,623.40)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,149,219.63</b>	<b>(190,534.32)</b>

	Eur	Eur
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
<b>Cash and cash equivalents at the beginning of period</b>	<b>376,926.64</b>	567,460.96
Cash received from merged companies	<b>35,989.23</b>	0.00
<b>Cash and cash equivalents at the end of period</b>	<b>1,562,135.50</b>	376,926.64
<b>Change in net cash</b>	<b>1,185,208.86</b>	(190,534.32)

## ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

### Basic information of the Group

The Group's main branch of business is to sell and rent the timeshare weeks and Villas apartments constructed by the Group. The Group also operates in the Spa hotel business. Group has activities in four countries: Finland, Sweden, Spain and Russia.

Holiday Club Resorts Oy is a parent company for the Group, having its registered domicile in Helsinki at Hitsaajankatu 22, 00810 Helsinki.

Holiday Club Resorts Oy is a subsidiary of Covington S.a.r.l. The Company's registered domicile is in Luxembourg. Covington S.a.r.l owns 96.48% of the company's shares (4.04% of ownership coming through HCR Management Oy). Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

### Consolidation principles

#### Intracompany ownership

Subsidiaries are consolidated using the acquisition method. The subsidiaries' acquisition cost and the corresponding share of the difference in shareholder's equity has been allocated partly to fixed assets, partially presented as goodwill and as group reserve. The acquired subsidiaries are consolidated from the moment the control has been obtained and divested subsidiaries until the day that the control has ceased to exist.

The consolidated financial statements include the parent company, Holiday Club Resorts Oy and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. This does not include timeshare and Villas apartment companies as they are represented in the current assets. Also, according to the Finnish Accounting Act's chapter six, companies which do not have a material impact on the group's result and financial position, have been left out of the consolidated financial statements.

Intra-group transactions, unrealized internal margin, receivables, liabilities and dividends between group companies are eliminated in consolidation.

The subsidiaries' financial statements are prepared in correspondence of the accounting principles used by the group.

#### Associated companies and joint ventures

Associated companies and joint ventures are consolidated using the one-line consolidation method in accordance with the instructions of the Finnish Accounting Board. The group's share of the results of the associated companies are shown under other operating income.

All timeshare and Villas apartment companies, including the ones of which the group owns more than 20%, are presented in the current assets as they are actively traded.

#### Minority Share

The minority shares have been separated from Group's equity and financial year profit.

#### Foreign Currency Translation

##### Transactions in foreign currencies

Items in the subsidiaries' financial statements are valued in the currency, which is used in each subsidiary's main operating environment (functional currency). The

consolidated financial statements are presented in euros, which is the functional and presentation currency of the group. Assets and liabilities are translated into euros at the closing rate of the balance sheet date. Exchange differences resulting from sales and purchases are recorded as adjustments to the corresponding items above the operating profit. At the company level, exchange gains and losses from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. At the group level, exchange gains and losses are recognized in equity as retained earnings.

#### Foreign subsidiaries

Foreign subsidiaries' income statements are translated into euros using the average exchange rates for the period. All balance sheet items, except profit for the period, are translated into euros using the closing exchange rates. The translation differences arising from the translation of income statement and balance sheet at different exchange rates and from eliminating the foreign subsidiaries equity is recognized in the group's equity. When a subsidiary is divested entirely or partially, the cumulative translation difference is recognized in the income statement as a part of the gain or loss from the sale.

#### Valuation and depreciation of non-current assets

##### Non-current assets

##### Goodwill

Goodwill represents the excess of the acquisition cost and the acquired company's net assets at the fair value at the date of the acquisition. Goodwill is allocated to cash-generating units, if such can be designated. As a main rule, goodwill is depreciated and if the expected future operating cash flow is lower than the carrying amount of the goodwill, an impairment loss is recognized as an expense in the income statement.

##### Other intangible assets

Intangible assets are recorded in the balance sheet at their original acquisition cost, if the cost can be measured reliably and if it is probable that the expected benefits of the asset will benefit the company. Intangible assets mainly include software licenses.

##### Tangible assets

The subsidiaries' tangible assets have been valued in the balance sheet at historical cost less accumulated, straight-line depreciations and possible impairment losses. Land areas are not depreciated.

Residual values and useful lifetimes are reviewed at each balance sheet date and, if necessary, adjusted to reflect the changes of expected economic benefits.

Significant renovations or additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company. Capital gains are presented in other operating income and losses under other operating expenses. The interest expenses related to the acquisition of the asset are expensed.

**Fixed asset depreciation periods**

The useful lives of the different asset categories are as follows:

Intangible rights	5-10 years
Goodwill and group goodwill	5-10 years
Long-term expenses	5-10 years
Buildings	50-60 years
Other constructions	10 years
Machinery and equipment	5-10 years
Renovations	5-10 years
Other tangible assets	10 years

**Investments**

Investments have been valued with original acquisition cost less possible impairments in the balance sheet.

**Group reserve**

The group reserve is allocated, in accordance with the share of ownership, to those assets and liabilities of the subsidiary that the group reserve is considered to derive from. The unallocated portion is recognized in the group's balance sheet as a separate item before liabilities. The group reserve is recognized as income when the corresponding expenditure or loss is recorded as an expense in the income statement of the subsidiary or where it corresponds to a realized return. The unallocated group reserve is recognized as income over time. These procedures are in accordance with the Finnish Accounting Act.

**Received grants**

Grants received by the company are recorded as other operating income in the income statement during the periods in which the related expenses are incurring. Investment grant for the acquisition of fixed assets is recorded in the balance sheet as accrued expense and recognized in the income statement as revenue over the asset's systematical depreciation period.

**Inventory**

Inventory is valued at the original acquisition cost or the lower net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and selling in the ordinary course of business. The cost of finished and unfinished products comprises of raw materials, direct labor costs and other direct costs. The costs of selling and financing are not allocated to the acquisition cost.

**Receivables**

Receivables are valued at the nominal value or the lower probable value.

**Financial assets**

The group's cash and cash equivalents consist of cash, bank deposits and other short-term highly liquid investments. Cash and cash equivalents have a maximum maturity of three months from the acquisition date. Financial assets are recognized on the settlement date and derecognized when the group has lost its contractual rights to the cash flows or when it has transferred substantial part of all the risks and rewards of ownership to parties outside the group.

**Liabilities**

Liabilities are valued at the nominal value. Transaction costs are expensed as incurred.

**Derivatives Financial Instruments**

The company has entered into interest rate swap agreements to hedge the interest rate risk arising from the variable rate loans. The contracts, which have been designated as effective hedges, have been treated with net method. The negative fair values of the non-effective contracts have been released into financial income and expenses of profit and loss statement.

**Deferred tax assets and liabilities**

Deferred tax assets and liabilities of the Group are calculated with a current tax rate as temporary differences between taxation and financial statements. Deferred

tax assets are recognized at the probable amount in the balance sheet. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation. Deferred taxes are not recognized in parent company income statement nor balances sheet.

**Ordinary repair and maintenance**

Ordinary repair and maintenance costs are expensed as they incur.

**External services**

External services include among other things expenses from rented personnel and expenses from cleaning and laundry services used by the hotel.

**Pensions**

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

**Direct taxes**

Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular subsidiary is based. The amount of tax is adjusted for any taxes concerning previous periods.

**Revenue recognition**

Revenue from services is recognized as income when the service is rendered to the customer. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At that time, the group has no longer any supervision or control power over the good sold.

Rental income from holiday homes and revenue from hotels are recognized when the customer has accommodated. Income from restaurants and from other services related to hotel activities are recognized as revenue when the service is rendered. Rental income from retail premises are recognized on a straight-line basis over the rental period. Sales of timeshare weeks are recognized at the closing of the deal, so that the company will record a so-called cancellation provision in case of future cancellation of deals. This is done based on previous experience and statistics on customer behavior. Statutory cancellation time is 14 days from the moment the deal was signed.

Income from Villas apartments is recognized by using the stage of completion method in accordance with the guidelines of the Confederation of Finnish Construction Industries and the Finnish Accounting Board. The percentage of completion is defined based on the percentage of the completion of the construction project and the percentage of the shares sold.

**Use of estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions regarding future events. Actual results may differ from these estimates and assumptions. In addition, management must exercise judgment in applying accounting principles. Estimates are based on management's best knowledge at the time. Possible changes in estimates and assumptions are recognized during the period in which the estimates or assumptions are adjusted and in all subsequent financial periods.

The key assumptions and uncertainties concerning the future, which may cause significant changes in the carrying value of assets and liabilities within the next financial year are as follows:

**Impairment losses**

The group reviews fixed assets and inventory annually and evaluates indications of impairment as set out above in the accounting policies. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation.

**Revenue recognition**

Timeshare weeks have a 14-day cancellation right stated by the Consumer Protection Act. The cancellation policy is taken into account in profit recognition by taking advantage of the experience and statistics on customer behavior.

**Receivables**

From uncertain loans and any permanent impairments, the group recognizes a credit loss in accordance with the principle of prudence.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. TURNOVER

#### TURNOVER BY BUSINESS AREAS

Business area review	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Timeshare	44,734,649.17	44,172,082.19	39,736,772.99	38,915,836.14
Service sector	70,689,396.29	69,494,088.74	57,008,644.99	55,843,006.31
Renting	7,083,577.54	6,510,631.64	3,514,239.90	3,613,948.56
Real Estate Management	5,649,328.11	5,628,265.21	2,846,665.75	2,679,236.76
Villas	24,281,490.26	31,170,276.92	21,582,543.17	29,075,669.13
Other Sales	2,124,810.50	1,879,158.51	244,154.97	113,802.96
<b>Total</b>	<b>154,563,251.87</b>	<b>158,854,503.21</b>	<b>124,933,021.77</b>	<b>130,241,499.86</b>

The Villas turnover for current financial year includes 10,409,658 EUR (2018: 1,268,499 EUR) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

#### TURNOVER BY MARKET AREAS

Geographical review	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Finland	125,097,624.24	130,481,404.71	124,933,021.77	130,241,499.86
Sweden	19,893,643.54	18,269,263.61	0.00	0.00
Spain	9,571,984.09	10,103,834.89	0.00	0.00
<b>Total</b>	<b>154,563,251.87</b>	<b>158,854,503.21</b>	<b>124,933,021.77</b>	<b>130,241,499.86</b>

### 2. OTHER OPERATING INCOME

	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Profit from the sales of fixed assets	584,357.96	897,021.22	339,964.32	90,849.94
Rental income	1,855,156.63	1,951,744.53	1,819,653.69	1,847,914.42
Other income	3,587,203.69	3,343,537.47	2,827,764.36	2,842,428.02
Profit from mergers	0.00	0.00	638,556.19	0.00
<b>Total</b>	<b>6,026,718.28</b>	<b>6,192,303.23</b>	<b>5,625,938.56</b>	<b>4,781,192.38</b>

### 3. MATERIALS AND SERVICES

Materials and supplies	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Purchases during the financial year	48,561,652.26	39,014,555.37	41,980,754.06	36,665,127.62
Change in inventory	(2,792,738.44)	6,242,140.26	(3,867,007.28)	3,371,450.35
<b>Total</b>	<b>45,768,913.82</b>	<b>45,256,695.64</b>	<b>38,113,746.78</b>	<b>40,036,577.97</b>
External services	13,291,778.97	13,694,301.94	11,540,161.03	11,905,476.05
<b>Materials and services total</b>	<b>59,060,692.79</b>	<b>58,950,997.57</b>	<b>49,653,907.81</b>	<b>51,942,054.02</b>

During the financial year the company faced challenges with the contractors executing timeshare and villas projects which resulted in additional costs of 2.9m€ on an account of rework and bringing new constructors to complete the work.

### 4. PERSONNEL AND MEMBERS OF THE BOARD

#### PERSONNEL EXPENSES

Eur	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Salaries, wages, commissions	31,722,502.76	31,372,935.03	24,083,117.21	23,458,249.33
Pension expenses	4,541,956.85	4,308,197.42	4,359,686.25	4,169,419.50
Other indirect employee expenses	2,352,065.82	2,612,462.42	842,770.83	1,001,497.55
<b>Total</b>	<b>38,616,525.43</b>	<b>38,293,594.87</b>	<b>29,285,574.29</b>	<b>28,629,166.38</b>

#### EXECUTIVE REMUNERATION

Eur	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Chief executive officers	625,599.23	584,140.93	0.00	0.00
Members of the board of director's	46,000.00	60,600.00	46,000.00	60,600.00
<b>Total</b>	<b>671,599.23</b>	<b>644,740.93</b>	<b>46,000.00</b>	<b>60,600.00</b>

#### THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Employees	781	776	541	519
<b>Total</b>	<b>781</b>	<b>776</b>	<b>541</b>	<b>519</b>

### 5. DEPRECIATIONS AND IMPAIRMENTS

Eur	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Intangible assets	730,359.92	755,729.26	722,950.98	748,804.39
Goodwill	709,727.70	717,367.80	242,629.14	242,629.15
Other long-term expenses	1,025,869.77	1,032,845.71	1,022,839.28	1,028,864.25
Buildings and structures	967,850.97	942,664.40	87,884.31	88,718.92
Machinery and equipment..	2,173,463.75	2,176,029.52	1,526,095.61	1,456,072.35
Other tangible assets	108,902.03	102,881.63	103,192.03	97,171.63
<b>Total</b>	<b>5,716,174.13</b>	<b>5,727,518.32</b>	<b>3,705,591.35</b>	<b>3,662,260.69</b>
Group goodwill	11,410.80	11,407.80	0.00	0.00
<b>Total</b>	<b>5,727,584.93</b>	<b>5,738,926.12</b>	<b>3,705,591.35</b>	<b>3,662,260.69</b>

### 6. OTHER OPERATING EXPENSES

Eur	Group		Parent	
	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Voluntary employee expenses	762,625.04	838,255.65	718,250.14	787,313.20

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Rents	17,235,785.65	16,933,387.11	13,255,999.73	12,770,439.23
Maintenance fees	7,079,710.92	5,941,980.91	6,831,280.69	6,542,048.56
Marketing expenses	9,243,493.91	9,179,036.96	7,910,091.29	7,909,124.85
Travel and entertainment expenses	845,563.10	831,958.73	815,854.71	792,293.83
Maintenance expenses	4,935,298.98	4,677,878.82	4,149,076.98	3,851,542.71
Real estate expenses	8,080,374.63	8,917,415.16	6,418,444.94	5,928,038.73
Other operating expenses	7,441,536.36	8,423,009.84	5,090,941.31	5,776,064.50
<b>Total</b>	<b>55,624,388.58</b>	<b>55,742,923.18</b>	<b>45,189,939.79</b>	<b>44,356,865.61</b>

## AUDITING FEES

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Auditing services	209,768.40	202,990.92	131,284.84	117,113.84
Tax consultancy	24,000.00	24,700.00	0.00	0.00
Other fees	2,552.37	5,308.11	2,552.37	5,308.11
<b>Total</b>	<b>236,320.77</b>	<b>232,999.03</b>	<b>133,837.21</b>	<b>122,421.95</b>

## 7. FINANCIAL INCOME AND EXPENSE

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
<b>Dividends</b>	<b>910.12</b>	<b>1,241.20</b>	<b>910.12</b>	<b>1,241.20</b>
<b>Other interest and financial income</b>				
Group companies	0.00	0.00	390,552.35	386,815.15
Others	3,049,493.53	1,961,360.68	350,290.10	297,594.45
<b>Total interest income</b>	<b>3,049,493.53</b>	<b>1,961,360.68</b>	<b>740,842.45</b>	<b>684,409.60</b>
<b>Total for financial income</b>	<b>3,050,403.65</b>	<b>1,962,601.88</b>	<b>741,752.57</b>	<b>685,650.80</b>
<b>Interest expenses and other financial expenses</b>				
Group companies	0.00	0.00	138,129.68	163,484.17

## NOTES TO THE BALANCE SHEET

## FIXED ASSETS

## 10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP

1.4.2017-31.3.2018

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2017	4,604,171.93	10,022,389.05	6,868,258.43	0.00	470,379.48	21,965,198.89
Translation difference	(1,377.46)	0.00	(48,174.25)	0.00	0.00	(49,551.72)
Additions	42,029.09	2,911,256.37	0.00	0.00	0.00	2,953,285.46
Deductions	0.00	0.00	0.00	0.00	0.00	0.00
Transfers between items	14,064.19	682,598.62	0.00	0.00	0.00	696,662.81
<b>Acquisition cost 31.3.2018</b>	<b>4,658,887.74</b>	<b>13,616,244.04</b>	<b>6,820,084.18</b>	<b>0.00</b>	<b>470,379.48</b>	<b>25,565,595.45</b>
Accumulated depreciations 1.4.2017	(2,645,113.44)	(6,175,711.39)	(4,002,509.85)	0.00	(423,797.41)	(13,247,132.09)
Translation difference	430.70	0.00	19,486.83	0.00	0.00	19,917.53
Depreciations	(752,486.61)	(1,036,088.36)	(717,367.80)	0.00	(11,407.80)	(2,517,350.57)
<b>Accumulated depreciations 31.3.2018</b>	<b>(3,397,169.35)</b>	<b>(7,211,799.75)</b>	<b>(4,700,390.83)</b>	<b>0.00</b>	<b>(435,205.21)</b>	<b>(15,744,565.14)</b>
<b>Book value 31.3.2018</b>	<b>1,261,718.40</b>	<b>6,404,444.29</b>	<b>2,119,693.35</b>	<b>0.00</b>	<b>35,174.27</b>	<b>9,821,030.31</b>

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Others	719,024.73	848,076.06	547,106.24	667,292.75
<b>Other financial expenses</b>				
Impairment losses from financial securities	0.00	12,096.27	0.00	1,313,000.00
Changes in derivatives fair values	(14,177.77)	(34,441.64)	(14,177.77)	(34,441.64)
Others	3,090,219.75	1,896,391.20	509,471.91	332,299.26
<b>Total interest expenses</b>	<b>3,795,066.71</b>	<b>2,722,121.89</b>	<b>1,180,530.06</b>	<b>2,441,634.54</b>
<b>Financial income and expense</b>	<b>(744,663.06)</b>	<b>(759,520.02)</b>	<b>(438,777.49)</b>	<b>(1,755,983.74)</b>

## 8. APPROPRIATIONS

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Change in accumulated depreciation	0.00	0.00	(327,643.01)	(395,166.91)
Group contribution	0.00	0.00	(48,000.00)	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>(375,643.01)</b>	<b>(395,166.91)</b>

## 9. INCOME TAXES

	Group	Group	Parent	Parent
Eur	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Income taxes from operating activities	(321,570.07)	(1,130,502.05)	(300,755.94)	(976,236.45)
Income taxes, previous financial year	33,251.89	24,428.76	33,251.89	24,428.76
Change in deferred tax receivables	22,939.33	45,535.49	0.00	0.00
Change in deferred tax liabilities	(65,528.60)	73,737.66	0.00	0.00
<b>Total</b>	<b>(330,907.45)</b>	<b>(986,800.14)</b>	<b>(267,504.05)</b>	<b>(951,807.69)</b>

HOLIDAY CLUB RESORTS OY

1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Group goodwill	Total
Acquisition cost 1.4.2018	4,658,887.74	13,616,244.04	6,820,084.18	0.00	470,379.48	25,565,595.45
Translation difference	(190.90)	0.00	(6,676.41)	0.00	0.00	(6,867.31)
Additions	592,834.31	1,236,250.24	0.00	0.00	3.00	1,829,087.55
Deductions	0.00	(39,059.64)	0.00	0.00	0.00	(39,059.64)
Transfers between items	113,775.00	79,596.64	0.00	0.00	0.00	193,371.64
<b>Acquisition cost 31.3.2019</b>	<b>5,365,306.15</b>	<b>14,893,031.28</b>	<b>6,813,407.77</b>	<b>0.00</b>	<b>470,382.48</b>	<b>27,542,127.68</b>
Accumulated depreciations 1.4.2018	(3,397,169.35)	(7,211,799.75)	(4,700,390.83)	0.00	(435,205.21)	(15,744,565.14)
Translation difference	81.18	0.00	3,452.30	0.00	0.00	3,533.48
Accumulated depreciations from transfers/deductions	0.00	39,059.64	0.00	0.00	0.00	39,059.64
Depreciations	(726,414.06)	(1,029,815.63)	(709,727.70)	0.00	(11,410.80)	(2,477,368.19)
<b>Accumulated depreciations 31.3.2019</b>	<b>(4,123,502.22)</b>	<b>(8,202,555.74)</b>	<b>(5,406,666.23)</b>	<b>0.00</b>	<b>(446,616.01)</b>	<b>(18,179,340.21)</b>
<b>Book value 31.3.2019</b>	<b>1,241,803.93</b>	<b>6,690,475.54</b>	<b>1,406,741.54</b>	<b>0.00</b>	<b>23,766.47</b>	<b>9,362,787.47</b>

10. INTANGIBLE ASSETS, PARENT COMPANY

1.4.2017-31.3.2018

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2017	4,585,336.32	9,981,107.64	2,701,523.71	0.00	17,267,967.67
Additions	42,029.09	2,911,256.37	0.00	0.00	2,953,285.46
Deductions	0.00	0.00	0.00	0.00	0.00
Transfers between items	14,064.19	682,598.62	0.00	0.00	696,662.81
<b>Acquisition cost 31.3.2018</b>	<b>4,641,429.60</b>	<b>13,574,962.63</b>	<b>2,701,523.71</b>	<b>0.00</b>	<b>20,917,915.94</b>
Accumulated depreciations 1.4.2017	(2,641,820.81)	(6,152,584.06)	(1,750,392.90)	0.00	(10,544,797.77)
Depreciations for the financial year	(748,804.39)	(1,028,864.25)	(242,629.15)	0.00	(2,020,297.79)
<b>Accumulated depreciations 31.3.2018</b>	<b>(3,390,625.20)</b>	<b>(7,181,448.31)</b>	<b>(1,993,022.05)</b>	<b>0.00</b>	<b>(12,565,095.56)</b>
<b>Book value 31.3.2018</b>	<b>1,250,804.40</b>	<b>6,393,514.32</b>	<b>708,501.66</b>	<b>0.00</b>	<b>8,352,820.38</b>

1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Advance payments	Total
Acquisition cost 1.4.2018	4,641,429.60	13,574,962.63	2,701,523.71	0.00	20,917,915.94
Additions	592,834.29	1,236,250.24	0.00	0.00	1,829,084.53
Deductions	0.00	(39,059.64)	0.00	0.00	(39,059.64)
Transfers between items	113,775.00	71,956.64	0.00	0.00	185,731.64
<b>Acquisition cost 31.3.2019</b>	<b>5,348,038.89</b>	<b>14,844,109.87</b>	<b>2,701,523.71</b>	<b>0.00</b>	<b>22,893,672.47</b>
Accumulated depreciations 1.4.2018	(3,390,625.20)	(7,181,448.31)	(1,993,022.05)	0.00	(12,565,095.56)
Accumulated depreciations from transfers/deductions	0.00	(39,059.64)	0.00	0.00	(39,059.64)
Depreciations for the financial year	(722,950.98)	(1,022,839.28)	(242,629.14)	0.00	(1,988,419.40)
<b>Accumulated depreciations 31.3.2019</b>	<b>(4,113,576.18)</b>	<b>(8,165,227.95)</b>	<b>(2,235,651.19)</b>	<b>0.00</b>	<b>(14,514,455.32)</b>
<b>Book value 31.3.2019</b>	<b>1,234,462.71</b>	<b>6,678,881.92</b>	<b>465,872.52</b>	<b>0.00</b>	<b>8,379,217.15</b>

## 11. TANGIBLE ASSETS, GROUP

## 1.4.2017-31.3.2018

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017	14,088,324.93	18,694,139.54	20,147,644.88	3,233,903.37	3,377,325.99	59,541,338.71
Translation difference	(26,708.52)	(275,589.92)	(67,367.56)	0.00	(58,974.93)	(428,640.94)
Additions	10,000.00	15,672.98	1,832,607.70	17,578.46	1,368,012.19	3,243,871.33
Deductions	(923,420.63)	0.00	(76,043.86)	0.00	(7,484.30)	(1,006,948.79)
Transfers between items	0.00	3,092,298.33	693,167.06	0.00	(4,398,709.61)	(613,244.22)
<b>Acquisition cost 31.3.2018</b>	<b>13,148,195.78</b>	<b>21,526,520.93</b>	<b>22,530,008.22</b>	<b>3,251,481.83</b>	<b>280,169.34</b>	<b>60,736,376.10</b>
Accumulated depreciations 1.4.2017	(2,895,128.95)	(3,381,242.20)	(12,070,151.40)	(1,016,764.40)	0.00	(19,363,286.95)
Translation difference	0.00	37,541.98	20,645.27	0.00	0.00	58,187.25
Accumulated depreciations from deductions and transfers	0.00	0.00	69,031.81	0.00	0.00	69,031.81
Depreciations/impairments for the financial year	0.00	(942,663.23)	(2,176,029.52)	(102,881.63)	0.00	(3,221,574.38)
<b>Accumulated depreciations 31.3.2018</b>	<b>(2,895,128.95)</b>	<b>(4,286,363.45)</b>	<b>(14,156,503.84)</b>	<b>(1,119,646.03)</b>	<b>0.00</b>	<b>(22,457,642.27)</b>
<b>Book value 31.3.2018</b>	<b>10,253,066.83</b>	<b>17,240,157.48</b>	<b>8,373,504.38</b>	<b>2,131,835.80</b>	<b>280,169.34</b>	<b>38,278,733.83</b>

## 1.4.2018-31.3.2019

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2018	13,148,195.78	21,526,520.93	22,530,008.22	3,251,481.83	280,169.34	60,736,376.10
Translation difference	(3,038.89)	(46,631.72)	(11,193.05)	-	-	(60,863.66)
Additions	570,510.69	5,150.04	1,317,894.63	80,991.45	687,331.09	2,661,877.90
Deductions	(521,595.08)	0.00	(27,657.66)	-	(1,004.00)	(550,256.74)
Transfers between items	0.00	11,030.00	131,744.74	-	(336,146.54)	(193,371.80)
<b>Acquisition cost 31.3.2019</b>	<b>13,194,072.51</b>	<b>21,496,069.25</b>	<b>23,940,796.87</b>	<b>3,332,473.28</b>	<b>630,349.89</b>	<b>62,593,761.80</b>
Accumulated depreciations 1.4.2018	(2,895,128.95)	(4,286,363.45)	(14,156,503.84)	(1,119,646.03)	0.00	(22,457,642.27)
Translation difference	0.00	6,989.35	4,094.66	0.00	0.00	11,084.02
Accumulated depreciations from deductions and transfers	0.00	0.00	27,657.66	0.00	0.00	27,657.66
Depreciations/impairments for the financial year	0.00	(967,850.01)	(2,173,463.77)	(108,902.03)	0.00	(3,250,215.81)
<b>Accumulated depreciations 31.3.2019</b>	<b>(2,895,128.95)</b>	<b>(5,247,224.11)</b>	<b>(16,298,215.29)</b>	<b>(1,228,548.06)</b>	<b>0.00</b>	<b>(25,669,116.40)</b>
<b>Book value 31.3.2019</b>	<b>10,298,943.56</b>	<b>16,248,845.15</b>	<b>7,642,581.58</b>	<b>2,103,925.22</b>	<b>630,349.89</b>	<b>36,924,645.40</b>

## 11. TANGIBLE ASSETS, PARENT COMPANY

## 1.4.2017-31.3.2018

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2017	3,461,803.66	2,338,680.48	15,072,403.96	3,067,284.81	771,638.64	24,711,811.55
Additions	10,000.00	-	1,728,706.32	17,578.46	261,145.22	2,017,430.00
Deductions	(55,222.51)	-	(76,043.86)	-	(450.00)	(131,716.37)
Transfers between items / merger	-	-	66,531.71	-	(763,194.52)	(696,662.81)
<b>Acquisition cost 31.3.2018</b>	<b>3,416,581.15</b>	<b>2,338,680.48</b>	<b>16,791,598.13</b>	<b>3,084,863.27</b>	<b>269,139.34</b>	<b>25,900,862.37</b>
Accumulated depreciations and impairments 1.4.2017	(583,297.97)	(426,735.58)	(9,808,517.44)	(995,115.85)	-	(11,813,666.84)
Accumulated depreciations from deductions and transfers	-	-	69,031.81	-	-	69,031.81
Depreciations for the financial year	-	(88,718.92)	(1,456,072.35)	(97,171.63)	-	(1,641,962.90)
<b>Accumulated depreciations 31.3.2018</b>	<b>(583,297.97)</b>	<b>(515,454.50)</b>	<b>(11,195,557.98)</b>	<b>(1,092,287.48)</b>	<b>-</b>	<b>(13,386,597.93)</b>
<b>Book value 31.3.2018</b>	<b>2,833,283.18</b>	<b>1,823,225.98</b>	<b>5,596,040.15</b>	<b>1,992,575.79</b>	<b>269,139.34</b>	<b>12,514,264.44</b>

HOLIDAY CLUB RESORTS OY

1.4.2018-31.3.2019

Eur						Unfinished assets and advance payments	Total
	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets			
Acquisition cost 1.4.2018	3,416,581.15	2,338,680.48	16,791,598.13	3,084,863.27	269,139.34	25,900,862.37	
Additions	570,510.66	–	1,219,898.97	80,991.45	425,106.86	2,296,507.94	
Deductions	(521,595.08)	–	(27,657.66)	–	(1,004.00)	(550,256.74)	
Transfers between items / merger	–	–	23,535.50	–	(209,267.14)	(185,731.64)	
<b>Acquisition cost 31.3.2019</b>	<b>3,465,496.73</b>	<b>2,338,680.48</b>	<b>18,007,374.94</b>	<b>3,165,854.72</b>	<b>483,975.06</b>	<b>27,461,381.93</b>	
Accumulated depreciations and impairments 1.4.2018	(583,297.97)	(515,454.50)	(11,195,557.98)	(1,092,287.48)	–	(13,386,597.93)	
Accumulated depreciations from deductions and transfers	–	–	27,657.66	–	–	27,657.66	
Depreciations for the financial year	–	(87,884.31)	(1,526,095.61)	(103,192.03)	–	(1,717,171.95)	
<b>Accumulated depreciations 31.3.2019</b>	<b>(583,297.97)</b>	<b>(603,338.81)</b>	<b>(12,693,995.93)</b>	<b>(1,195,479.51)</b>	<b>–</b>	<b>(15,076,112.22)</b>	
<b>Book value 31.3.2019</b>	<b>2,882,198.76</b>	<b>1,735,341.67</b>	<b>5,313,379.01</b>	<b>1,970,375.21</b>	<b>483,975.06</b>	<b>12,385,269.71</b>	

12. INVESTMENTS, GROUP

1.4.2017-31.3.2018

Eur					Total
	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	
Acquisition cost 1.4.2017	3,589,855.55	419,709.01	61,508.68	0.00	4,071,073.24
Additions	571,568.67	0.00	3,040.00	0.00	574,608.67
Share of associated companies' results	0.00	(25,236.86)	0.00	0.00	(25,236.86)
<b>Book value 31.3.2018</b>	<b>4,161,424.22</b>	<b>394,472.15</b>	<b>64,548.68</b>	<b>0.00</b>	<b>4,620,445.05</b>

1.4.2018-31.3.2019

Eur					Total
	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	
Acquisition cost 1.4.2018	4,161,424.22	394,472.15	64,548.68	0.00	4,620,445.05
Additions	685,644.97	0.00	0.00	0.00	685,644.97
Deductions	0.00	(431,200.00)	0.00	0.00	(431,200.00)
Business disposals	0.00	47,195.72	0.00	0.00	47,195.72
Share of associated companies' results	0.00	10,239.33	0.00	0.00	10,239.33
Transfers between items	0.00	197,197.92	0.00	0.00	197,197.92
<b>Book value 31.3.2019</b>	<b>4,847,069.19</b>	<b>217,905.12</b>	<b>64,548.68</b>	<b>0.00</b>	<b>5,129,522.99</b>

12. INVESTMENTS, PARENT COMPANY

1.4.2017-31.3.2018

Eur							Total
	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	
Acquisition cost 1.4.2017	9,898,037.81	1,527,924.75	4,049,700.74	12,772,497.43	18,000.00	100,150.20	28,366,310.93
Additions	9,900.00	0.00	571,568.67	0.00	0.00	3,040.00	584,508.67
Exchange rate differences	0.00	0.00	0.00	(934,064.09)	0.00	0.00	(934,064.09)
<b>Acquisition cost 31.3.2018</b>	<b>9,907,937.81</b>	<b>1,527,924.75</b>	<b>4,621,269.41</b>	<b>11,838,433.34</b>	<b>18,000.00</b>	<b>103,190.20</b>	<b>28,016,755.51</b>
Accumulated depreciations and impairments 1.4.2017	(1,529,608.30)	(879,224.75)	(460,845.19)	0.00	(18,000.00)	(38,641.52)	(2,926,319.76)
<b>Accumulated depreciations 31.3.2018</b>	<b>(1,529,608.30)</b>	<b>(879,224.75)</b>	<b>(460,845.19)</b>	<b>0.00</b>	<b>(18,000.00)</b>	<b>(38,641.52)</b>	<b>(2,926,319.76)</b>
<b>Book value 31.3.2018</b>	<b>8,378,329.51</b>	<b>648,700.00</b>	<b>4,160,424.22</b>	<b>11,838,433.34</b>	<b>0.00</b>	<b>64,548.68</b>	<b>25,090,435.75</b>

## 1.4.2018-31.3.2019

<b>Eur</b>	<b>Shares in group companies</b>	<b>Shares in associated companies</b>	<b>Other shares</b>	<b>Capital Loan Receivables from group companies</b>	<b>Receivables from associated companies</b>	<b>Other receivables</b>	<b>Total</b>
Acquisition cost 1.4.2018	9,907,937.81	1,527,924.75	4,621,269.41	11,838,433.34	18,000.00	103,190.30	28,016,755.61
Additions	1,500.00	0.00	685,644.97	0.00	0.00	0.00	687,144.97
Deductions	0.00	(431,200.00)	0.00	0.00	0.00	0.00	(431,200.00)
Deductions from mergers	(722,681.45)	0.00	0.00	0.00	0.00	0.00	(722,681.45)
Exchange rate differences	0.00	0.00	0.00	(129,450.84)	0.00	0.00	(129,450.84)
<b>Acquisition cost 31.3.2019</b>	<b>9,186,756.36</b>	<b>1,096,724.75</b>	<b>5,306,914.38</b>	<b>11,708,982.50</b>	<b>18,000.00</b>	<b>103,190.30</b>	<b>27,420,568.29</b>
Accumulated depreciations and impairments 1.4.2018	(1,529,608.30)	(879,224.75)	(460,845.19)	0.00	(18,000.00)	(38,641.52)	(2,926,319.76)
<b>Accumulated depreciations 31.3.2019</b>	<b>(1,529,608.30)</b>	<b>(879,224.75)</b>	<b>(460,845.19)</b>	<b>0.00</b>	<b>(18,000.00)</b>	<b>(38,641.52)</b>	<b>(2,926,319.76)</b>
<b>Book value 31.3.2019</b>	<b>7,657,148.06</b>	<b>217,500.00</b>	<b>4,846,069.19</b>	<b>11,708,982.50</b>	<b>0.00</b>	<b>64,548.78</b>	<b>24,494,248.53</b>

## 13. GROUP COMPANIES

<b>Consolidated</b>	<b>Domicile</b>	<b>Group ownership %</b>	<b>Parent ownership %</b>
Holiday Club Canarias Investment S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Resort Management S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100.00	0.00
Passeport Sante SLU	Las Palmas	100.00	0.00
Holiday Club Rus LLC	Pietari	100.00	100.00
Holiday Club Sweden AB	Åre	100.00	100.00
Kiinteistö Oy Himos Gardens	Helsinki	100.00	100.00
Kiinteistö Oy Kuusamon Pulkajärvi 1	Kuusamo	100.00	100.00
Kiinteistö Oy Rauhanranta 1	Helsinki	100.00	100.00
Kiinteistö Oy Rauhanranta 2	Helsinki	100.00	100.00
Kiinteistö Oy Katinnurkka	Helsinki	100.00	100.00
Kiinteistö Oy Tiurunniemi	Helsinki	100.00	100.00
Kiinteistö Oy Tenetinlahti	Helsinki	100.00	100.00
Kiinteistö Oy Vanha Ykköstii	Helsinki	100.00	100.00
Suomen Vapaa-aikakiinteistöt Oy	Tampere	100.00	100.00
Ownership Services AB	Åre	100.00	0.00
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100.00	100.00
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100.00	100.00
Åre Villas 1 Ab	Åre	100.00	0.00
Åre Villas 2 Ab	Åre	100.00	0.00
Åre Villas 3 Ab	Åre	100.00	0.00
Holiday Club Sport and Spa Hotels Ab	Åre	51.00	0.00
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100.00	100.00
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100.00	100.00
Kiinteistö Oy Mällönsniemi	Sotkamo	100.00	100.00
Supermarket Capri Oy	Lappeenranta	100.00	100.00

<b>Associated companies</b>	<b>Domicile</b>	<b>Konsernin</b>	<b>Emoyhtiön</b>
		<b>Group ownership %</b>	<b>Parent ownership %</b>
Kiinteistö Oy Seniori-Saimaa	Lappeenranta	31.15	31.15
Tropiikin Rantasauna Oy	Kuusamo	50.00	50.00

All associated companies have been consolidated into the group financial statements.

## 14. INVENTORY

	Group 1.4.2018- 31.3.2019	Group 1.4.2017- 31.3.2018	Parent 1.4.2018- 31.3.2019	Parent 1.4.2017- 31.3.2018
<b>Eur</b>				
<b>Materials and supplies</b>	<b>911,071.65</b>	880,560.60	<b>731,344.69</b>	705,199.55
Timeshare	47,354,971.11	44,208,890.93	<b>34,820,585.61</b>	34,550,214.58
Unfinished construction projects	1,335,923.15	3,740,170.53	<b>1,110,438.15</b>	1,023,401.28
Other inventory	1,875,946.18	2,495,224.80	<b>1,875,946.18</b>	2,495,224.80
Villas apartments	7,832,997.05	6,845,496.70	<b>7,696,020.57</b>	6,707,917.05
<b>Total</b>	<b>59,310,909.14</b>	58,170,343.55	<b>46,234,335.20</b>	45,481,957.26

## RECEIVABLES

## 15. LONG-TERM RECEIVABLES

	Group 1.4.2018- 31.3.2019	Group 1.4.2017- 31.3.2018	Parent 1.4.2018- 31.3.2019	Parent 1.4.2017- 31.3.2018
<b>Eur</b>				
Sales receivables	1,018,234.29	1,260,378.02	<b>442,343.28</b>	554,754.15
Loan receivables from group companies	0.00	0.00	<b>13,021,897.20</b>	12,821,897.20
Other receivables	93,603.26	93,603.26	0.00	0.00
Deferred tax receivable	1,424,173.93	1,407,348.86	0.00	0.00
<b>Total</b>	<b>2,536,011.48</b>	2,761,330.14	<b>13,464,240.48</b>	13,376,651.35

## 16. SHORT-TERM RECEIVABLES

	Group 1.4.2018- 31.3.2019	Group 1.4.2017- 31.3.2018	Parent 1.4.2018- 31.3.2019	Parent 1.4.2017- 31.3.2018
<b>Eur</b>				
<b>Sales receivables</b>	<b>11,304,785.68</b>	12,490,747.63	<b>8,507,658.66</b>	8,222,508.68
<b>Receivables from group companies</b>				
Sales receivables	0.00	0.00	<b>29,168.00</b>	53,241.44
Loan receivables	0.00	0.00	<b>2,719,573.18</b>	2,725,510.18
Accrued income	0.00	0.00	<b>709,254.90</b>	1,041,219.73
<b>Receivables from group companies, total</b>	<b>0.00</b>	0.00	<b>3,457,996.08</b>	3,819,971.35
Loan receivables	75,985.16	101,159.62	<b>75,985.16</b>	101,159.62
Accrued income	2,437,791.40	4,364,063.16	<b>1,688,477.89</b>	2,213,825.99
Other receivables	3,040,574.19	2,296,016.22	<b>2,264,849.21</b>	2,112,689.58
<b>Total</b>	<b>16,859,136.44</b>	19,251,986.63	<b>15,994,967.00</b>	16,470,155.22

## RELEVANT ACCRUED INCOME (excluding receivables from group and associated companies)

	Group 1.4.2018- 31.3.2019	Group 1.4.2017- 31.3.2018	Parent 1.4.2018- 31.3.2019	Parent 1.4.2017- 31.3.2018
<b>Eur</b>				
Accrued expenses	1,875,116.21	2,167,628.08	<b>1,248,529.34</b>	1,273,050.01
Tax receivables	117,037.42	25,285.10	0.00	0.00
Social security receivables	54,793.41	107,332.37	<b>49,276.04</b>	90,833.38
Others	390,844.36	2,063,817.60	<b>390,672.51</b>	849,942.60
<b>Total</b>	<b>2,437,791.40</b>	<b>4,364,063.15</b>	<b>1,688,477.89</b>	<b>2,213,825.99</b>

## 17. EQUITY

	Group 1.4.2018- 31.3.2019	Group 1.4.2017- 31.3.2018	Parent 1.4.2018- 31.3.2019	Parent 1.4.2017- 31.3.2018
<b>Eur</b>				
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>				
Share capital at the beginning of the financial year	11,959,146.00	11,959,146.00	<b>11,959,146.00</b>	11,959,146.00
Share capital at the end of financial year	11,959,146.00	11,959,146.00	<b>11,959,146.00</b>	11,959,146.00
<b>RESTRICTED SHAREHOLDERS' EQUITY TOTAL</b>	<b>11,959,146.00</b>	11,959,146.00	<b>11,959,146.00</b>	11,959,146.00

**NON-RESTRICTED SHAREHOLDERS' EQUITY**

Reserve for invested non-restricted equity at the beginning of the financial year	39,395,174.64	39,395,174.64	39,395,174.64	39,395,174.64
Directed share issue	3,000,000.00	0.00	3,000,000.00	0.00
<b>Reserve for invested non-restricted equity at the end of the financial year</b>	<b>42,395,174.64</b>	<b>39,395,174.64</b>	<b>42,395,174.64</b>	<b>39,395,174.64</b>
Profit from previous financial years at the beginning of the financial year	11,878,631.47	9,246,404.13	5,517,499.11	3,371,486.51
Paid Dividends	(1,972,291.00)	(1,183,374.60)	(1,972,291.00)	(1,183,374.60)
Change in translation difference	(385,130.47)	(945,975.54)	0.00	0.00
Reclassifications for previous financial years	0.00	37,417.35	0.00	0.00
<b>Profit from previous financial years at the end of financial year</b>	<b>9,521,210.00</b>	<b>7,154,471.34</b>	<b>3,545,208.11</b>	<b>2,188,111.91</b>
<b>Profit for the period</b>	<b>509,575.32</b>	<b>4,724,160.13</b>	<b>1,642,022.54</b>	<b>3,329,387.20</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL</b>	<b>52,425,959.96</b>	<b>51,273,806.11</b>	<b>47,582,405.29</b>	<b>44,912,673.75</b>
<b>SHAREHOLDERS' EQUITY TOTAL</b>	<b>64,385,105.96</b>	<b>63,232,952.11</b>	<b>59,541,551.29</b>	<b>56,871,819.75</b>

The Shareholders' equity of the Group includes 946,568.78 EUR 31.3.2019 (684,454.38 EUR 31.3.2018) from appropriations and other voluntary provisions.

**CALCULATION FOR DISTRIBUTABLE FUNDS**

Eur	Parent	
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
Reserve for invested non-restricted equity	39,395,174.64	39,395,174.64
Additions	3,000,000.00	0.00
Profit from the previous financial years	3,545,208.11	2,188,111.91
+Profit for the period	1,642,022.54	3,329,387.20
<b>Total</b>	<b>47,582,405.29</b>	<b>44,912,673.75</b>

**18. DEFERRED TAX RECEIVABLES AND LIABILITIES**

Eur	Group		Parent	
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
<b>Deferred tax receivables:</b>				
from unused losses in taxation	694,553.44	719,190.25	0.00	0.00
from other temporary differences	729,620.49	688,158.62	0.00	0.00
<b>Total</b>	<b>1,424,173.93</b>	<b>1,407,348.87</b>	<b>0.00</b>	<b>0.00</b>
<b>Deferred tax liabilities:</b>				
from appropriations	236,642.20	171,113.59	0.00	0.00
from other temporary differences	20,559.41	20,559.41	0.00	0.00
<b>Total</b>	<b>257,201.61</b>	<b>191,673.00</b>	<b>0.00</b>	<b>0.00</b>

**19. LONG-TERM LIABILITIES**

Eur	Group		Parent	
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
Loans from financial institutions	8,793,463.11	8,961,080.61	4,641,668.60	3,320,835.00
Pension loans	0.00	400,000.00	0.00	400,000.00
Other long-term loans	86,869.02	127,163.54	86,869.02	126,345.14
Loans from group companies	0.00	0.00	6,220,093.85	6,372,643.62
<b>Total</b>	<b>8,880,332.13</b>	<b>9,488,244.15</b>	<b>10,948,631.47</b>	<b>10,219,823.76</b>

**LIABILITIES MATURING LATER THAN FIVE YEARS**

Eur	Group		Parent	
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
Loans from financial institutions	0.00	500,000.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>500,000.00</b>	<b>0.00</b>	<b>0.00</b>



## 20. SHORT-TERM LIABILITIES

Eur	Group	Group	Parent	Parent
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
Loans from financial institutions	11,620,726.94	13,859,053.20	9,916,022.53	12,233,481.57
Pension loans	400,000.00	800,000.00	400,000.00	800,000.00
Received advance payments	10,887,388.97	12,393,671.69	10,754,199.63	11,908,273.18
Accounts payable	7,042,467.34	6,926,691.11	5,169,979.58	4,466,588.52
Loans from group companies				
Accounts payable	0.00	0.00	424,041.01	569,484.66
Unsecured loans	3,151,337.45	1,000,000.00	3,151,337.45	1,000,000.00
Other loans	0.00	0.00	605,731.23	2,074,728.25
Accrued liabilities	0.00	0.00	145,425.88	55,587.37
<b>Total</b>	<b>3,151,337.45</b>	<b>1,000,000.00</b>	<b>4,326,535.57</b>	<b>3,699,800.28</b>
Other loans	7,427,155.00	7,008,186.99	6,498,472.51	5,463,962.04
Accrued liabilities	18,846,725.18	20,411,053.54	13,804,116.71	15,172,200.77
<b>Short-term liabilities, total</b>	<b>59,375,800.89</b>	<b>62,398,656.52</b>	<b>50,869,326.53</b>	<b>53,744,306.36</b>

Holiday Club Resorts Oy has an internal unsecured loan from Covington S.a.r.l. Interest rate 2.2% p.a.

## RELEVANT ACCRUED LIABILITIES (excluding receivables from group and associated companies)

Eur	Group	Group	Parent	Parent
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
Personnel and social expenses	6,792,308.73	5,925,601.89	5,912,564.64	5,045,089.60
Accrued interests	331,707.40	155,543.08	306,284.48	125,381.10
Sales commissions	665,305.74	853,935.08	580,226.00	684,372.78
Taxes	24,494.71	1,067,573.71	20,755.98	976,236.45
Other*	11,032,908.60	12,408,399.78	6,984,285.61	8,341,120.84
<b>Total</b>	<b>18,846,725.18</b>	<b>20,411,053.54</b>	<b>13,804,116.71</b>	<b>15,172,200.77</b>

\*The most significant items included in the deferred liabilities are discounts booked by Holiday Club Resorts Oy related to Timeshare and Villas sales (2.4 M€). In addition, Holiday Club Canarias Resort Management company has invoiced in advance maintenance fees that are booked into the Profit and Loss Statement of the next financial year (2.2 M€).

## COMMITMENTS AND CONTINGENT LIABILITIES

## ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Loans from financial institutions	17,735,989.73	18,628,844.58	12,274,266.32	12,099,266.00
<b>Total</b>	<b>17,735,989.73</b>	<b>18,628,844.58</b>	<b>12,274,266.32</b>	<b>12,099,266.00</b>
Property under mortgages	16,100,000.00	16,000,000.00	6,100,000.00	6,000,000.00
Mortgage on company assets	28,445,637.81	28,445,637.81	28,445,637.81	28,445,637.81
Pledged assets	54,321,726.14	43,026,496.97	54,321,726.14	43,026,496.97
<b>Total</b>	<b>98,867,363.95</b>	<b>87,472,134.78</b>	<b>88,867,363.95</b>	<b>77,472,134.78</b>

## OTHER COLLATERAL FOR OWN COMMITMENTS

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Deposits, rent guarantees	3,277,896.17	3,148,654.81	3,277,896.17	3,148,654.81
<b>Total</b>	<b>3,277,896.17</b>	<b>3,148,654.81</b>	<b>3,277,896.17</b>	<b>3,148,654.81</b>

## COLLATERAL FOR GROUP COMPANIES' LIABILITIES

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Property under mortgages	0.00	220,000.00	0.00	0.00
Mortgage on company assets	1,827,274.48	1,947,938.77	0.00	0.00
Guarantees given	4,900,000.00	5,650,000.00	4,900,000.00	5,650,000.00
Pledged assets	5,534,437.05	2,822,944.68	0.00	0.00
<b>Total</b>	<b>12,261,711.52</b>	<b>10,640,883.45</b>	<b>4,900,000.00</b>	<b>5,650,000.00</b>

## CONTINGENT LIABILITIES AND OTHER COMMITMENTS

## LEASING CONTRACT COMMITMENTS

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Due during the next financial year	951,423.86	539,328.95	833,773.18	454,922.66
Due thereafter	836,322.13	707,604.03	553,073.51	557,357.37
<b>Total</b>	<b>1,787,745.99</b>	<b>1,246,932.98</b>	<b>1,386,846.69</b>	<b>1,012,280.03</b>

**RENTAL COMMITMENTS**

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Due during the next financial year	12,689,631.56	16,497,137.05	9,014,427.94	12,581,619.76
Due thereafter	228,742,698.51	215,214,578.66	201,668,060.33	186,294,572.03
<b>Total</b>	<b>241,432,330.07</b>	<b>231,711,715.71</b>	<b>210,682,488.27</b>	<b>198,876,191.79</b>

**CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

Eur	Group	Group	Parent	Parent
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Investing commitments	3,771,928.70	6,521,881.76	3,771,928.70	6,521,881.76
Responsibility to review tax deductions related to real estate investments	3,818,951.76	4,170,985.40	2,361,737.85	2,407,145.86
Purchase and sales commitments	11,188,124.83	12,258,212.78	9,397,000.00	12,258,212.78
Other liabilities and guarantees	3,879,493.00	3,879,493.30	3,879,493.00	3,879,493.30
Derivative contracts				
Fair value	(116,696.14)	(238,448.40)	(116,696.14)	(238,448.40)
Nominal value	15,132,348.00	17,574,996.26	15,132,348.00	17,574,996.26

**Investing commitments**

Holiday Club Resorts Oy has given completion commitments to Fennia in relation to the land areas sold. If the completion commitments are not met, Fennia has the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Holiday Club Resorts Oy and Skanska Talonrakennus Oy signed a contract on 31.3.2016, which obligated Holiday Club Resort Oy to buy the shares of Kiinteistö Oy Kelotähti II.

Furthermore, Holiday Club Resorts Oy sold Skanska Talonrakennus Oy the shares of companies Kiinteistö Oy Jalomella, Kiinteistö Oy Ulkuvuoma, Kiinteistö Oy Outapalas and Kiinteistö Oy Lovinoita. Holiday Club Resorts Oy has the obligation to purchase these shares back for the same price.

**Responsibility to review tax deductions related to real estate investments**

Holiday Club Resorts Oy and Koy Rauhan Liikekiinteistöt 1 are responsible to annually review vat deductions made from the real estate investments and from renovation costs made to leased properties. Responsibility is for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year period.

**Purchase and sales commitments**

According to the agreement made between Holiday Club Resorts Oy, Sunborn Oy and Sunborn Saga Oy, Holiday Club Resorts Oy is obliged to sell annually 75 Sunborn timeshares. If Holiday Club Resorts Oy doesn't achieve its yearly target, Holiday Club is obliged to purchase the missing amount of timeshares with a price related to the agreement.

Holiday Club Sweden AB has regarding Holiday Club Sport And Spa Hotels AB committed to a shareholders' agreement with terms of put and call options by which Holiday Club Sweden AB could be obliged to purchase other shareholders' shares in the companies. These options may actualize no sooner than 2021.

Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star -named company from the buyer no later than 17.9.2022.

Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than 31.3.2022.

Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The

lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for fulfillment of the obligations of rental and buyback agreements. If the lessor makes claims towards Holiday Club Resorts Oy due to this obligation, has Holiday Club Resorts Oy a retroactive right of recourse from Lapland Hotels Oy and its parent company North European Invest Oy.

In the course of the Holiday Club Åre asset deal the commitment given by Holiday Club Spa Hotels AB to purchase a multi-purpose arena from Åre Kongress AB in 2023, if Åre Kongress AB has not sold the arena before that, transferred to Holiday Club Sport And Spa Hotels AB.

Holiday Club Resorts Oy and Holiday Club Sport And Spa Hotels AB are jointly responsible for the sales price of the arena towards Åre Kongress AB.

**Other liabilities and guarantees**

Other liabilities and guarantees contain a surety that the parent has given regarding the lease obligations of Holiday Club Sport and Spa Hotels Ab. The surety equates the lease obligation of 12 months.

Holiday Club Canarias Sales & Marketing company has received claims from time share customers arguing that the contracts are null and void.

Total amount of received claims is 5.3 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain.

The company has received 110 claims, out of which 69 have a ruling for the amount of 1 million euros. The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount.

Based on these rulings the company has made an accrual that is estimated to cover possible future liabilities.

**Derivative contracts**

Interest rate swaps valid at the end of the financial year were hedging in the interest rate risk arising from the loans with variable interest rate.

These interest rate swaps are effective hedges and will expire during the years 2019-2020. The company has also interest rate swaps that are not effective (no underlying asset). The negative fair values of the non-effective contracts will be recognised in the profit and loss statement in the financial years 1.4.2017-31.3.2020.

**Liabilities from customer finance agreements**

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and OP Corporate Bank Oyj (OP Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives OP Financing the right to call in the financing or to terminate the financing contract. If OP Financing claims, Holiday Club Resorts Oy has committed to redeem the financing with the amount that corresponds 50 % of the current financing agreement balance between customer and OP Financing related to the purchase of the timeshare week. Redemption price may be at maximum 50 % of the original purchase price of the timeshare week.

The financing agreement between Holiday Club Resorts Oy and OP Corporate Bank Oyj has been amended on 2.11.2014 and by this amendment the 50 % redemption in question has been renounced with regard to new sales. This amendment does not apply to those timeshares that Holiday Club Resorts Oy finances on its own risk and of which Holiday Club Resorts Oy has in 2012 signed a 100 % buyback commitment.

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Danske Bank Oyj the following:

If Danske Bank terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies:

If Danske Bank claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement.

The purchase price is 30% of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue.

## HOLIDAY CLUB RESORTS OY

For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100 % buyback commitment is applied.

### RELATED PARTY TRANSACTIONS

Eur	Group	Group	Parent	Parent
	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018
MHR Holdings Mauritius Ltd. (Parent company of Covington S.a.r.l.)				
Financial expenses	115,575.41	58,073.00	115,575.41	58,073.00
Accrued expenses	173,648.41	58,073.00	173,648.41	58,073.00
Received Guarantee	420,000.00	1,260,000.00	420,000.00	1,260,000.00
Covington S.a.r.l. (parent company of Holiday Club Resorts Oy)				
Interest expenses	74,751.47	14,520.54	74,751.47	14,520.54
Interest liabilities	89,272.01	14,520.54	89,272.01	14,520.54
Loans	3,151,337.45	1,000,000.00	3,151,337.45	1,000,000.00
Subsidiaries				
Sales of Services / Materials	0.00	0.00	433,229.64	334,488.50
Purchases of Services / Materials	0.00	0.00	622,092.31	914,267.16
Rental income	0.00	0.00	28,890.98	1,796.50
Rent expenses	0.00	0.00	899,806.16	601,539.57
Interest income	0.00	0.00	390,552.35	386,815.15
Interest expenses	0.00	0.00	138,129.68	168,431.04
Key persons (community or parent company), management/board				
Sales of Services / Materials	0.00	137,246.00	0.00	137,246.00
Purchases of Services / Materials	4,000.00	107,582.99	4,000.00	107,582.99
Interest income	0.00	273.39	0.00	273.39
Due thereafter				

### DATE AND SIGNATURES

#### Signatures of the financial statements and annual report

Helsinki, 30<sup>th</sup> April 2019

\_\_\_\_\_  
**Arunkumar Nanda**  
 Chairman of the Board

\_\_\_\_\_  
**Kavinder Singh**  
 Member of the Board

\_\_\_\_\_  
**Eero Suomela**  
 Member of the Board

\_\_\_\_\_  
**Timo Rantala**  
 Member of the Board

\_\_\_\_\_  
**Sridar Iyengar**  
 Member of the Board

\_\_\_\_\_  
**Iiro Rossi**  
 CEO

### AUDITOR'S NOTE

Auditor's report has been issued today.

Helsinki, 30<sup>th</sup> April 2019

KPMG Oy Ab

\_\_\_\_\_  
**Esa Kailiala**  
 APA

## AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements**

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

### ***Other Reporting Requirements***

#### **Other Information**

The Board of Director's and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Director's. Our opinion on the financial statements does not cover the other information.

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. Our responsibility also includes considering whether the report of the Board of Director's has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Director's is consistent with the information in the financial statements and the report of the Board of Director's has been prepared in accordance with the applicable laws and regulations.

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

Helsinki 30 April 2019

**KPMG OY AB**  
ESA KAILIALA  
*Authorised Public Accountant, KHT*

## **ACCOUNTING PRINCIPLES**

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 1.4.2018 - 31.3.2019 and at the exchange rate of Rs 80.66 1.4.2017 - 31.3.2018 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>Eur</b>	<b>Rs</b>	<b>Eur</b>	<b>Rs</b>
	<b>1.4.2018- 31.3.2019</b>	<b>1.4.2018- 31.3.2019</b>	<b>1.4.2017- 31.3.2018</b>	<b>1.4.2017- 31.3.2018</b>
Other operative expenses	(1,575.53)	(122,292.64)	(100.09)	(8,073.26)
<b>PROFIT/(LOSS)</b>	<b>(1,575.53)</b>	<b>(122,292.64)</b>	<b>(100.09)</b>	<b>(8,073.26)</b>
Dividend income	<b>83,648.00</b>	<b>6,492,757.76</b>	50,188.80	4,048,228.61
Interest expenses	<b>0.00</b>	<b>0.00</b>	(273.39)	(22,051.64)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>82,072.47</b>	<b>6,370,465.12</b>	49,815.32	4,018,103.71
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>82,072.47</b>	<b>6,370,465.12</b>	49,815.32	4,018,103.71

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	31.03.2019	31.03.2019	31.03.2018	31.03.2018
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Investments				
Other shares	2,094,675.20	162,588,689.02	2,094,675.20	168,956,501.63
<b>TOTAL FOR NON-CURRENT ASSETS</b>	<b>2,094,675.20</b>	<b>162,588,689.02</b>	<b>2,094,675.20</b>	<b>168,956,501.63</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	125,601.85	9,749,215.60	43,529.38	3,511,079.79
<b>TOTAL FOR CURRENT ASSETS</b>	<b>125,601.85</b>	<b>9,749,215.60</b>	<b>43,529.38</b>	<b>3,511,079.79</b>
<b>TOTAL ASSETS</b>	<b>2,220,277.05</b>	<b>172,337,904.62</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>
<b>Liabilities</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	2,500.00	194,050.00	2,500.00	201,650.00
Reserve for invested non-restricted equity	1,833,300.00	142,300,746.00	1,833,300.00	147,873,978.00
Retained earnings	302,404.58	23,472,643.50	252,589.26	20,373,849.71
Profit (loss) for the period	82,072.47	6,370,465.12	49,815.32	4,018,103.71
<b>TOTAL FOR SHAREHOLDERS' EQUITY</b>	<b>2,220,277.05</b>	<b>172,337,904.62</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>
<b>LIABILITIES</b>				
Long Term Liabilities	0.00	0.00	0.00	0.00
Short Term Liabilities	0.00	0.00	0.00	0.00
<b>TOTAL FOR LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL LIABILITIES</b>	<b>2,220,277.05</b>	<b>172,337,904.62</b>	<b>2,138,204.58</b>	<b>172,467,581.42</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Operative Cash Flow</b>				
Cash paid to suppliers and employees	(1,575.53)	(122,292.64)	(1,261.44)	(101,747.75)
<b>Operative Cashflow before financing items and taxes</b>	<b>(1,575.53)</b>	<b>(122,292.64)</b>	<b>(1,261.44)</b>	<b>(101,747.75)</b>
Paid interest and other payments related to financing activities	0.00	0.00	(273.39)	(22,051.64)
Dividends received	83,648.00	6,492,757.76	50,188.80	4,048,228.61
<b>Operative Cash Flow</b>	<b>82,072.47</b>	<b>6,370,465.12</b>	<b>48,653.97</b>	<b>3,924,429.22</b>
<b>Financing Cash Flow</b>				
Proceeds from issuance of Equity	0.00	0.00	0.00	0.00
Withdrawals of Long Term Loans	0.00	0.00	0.00	0.00
Re-payments of Long Term Loans	0.00	0.00	(29,350.00)	(2,367,371.00)
<b>Financing Cash Flow</b>	<b>0.00</b>	<b>0.00</b>	<b>(29,350.00)</b>	<b>(2,367,371.00)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>82,072.47</b>	<b>6,370,465.12</b>	<b>19,303.97</b>	<b>1,557,058.22</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>43,529.38</b>	<b>3,378,750.48</b>	<b>24,225.41</b>	<b>1,954,021.57</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>125,601.85</b>	<b>9,749,215.60</b>	<b>43,529.38</b>	<b>3,511,079.79</b>



## NOTES TO THE ACCOUNTS

## NON CURRENT ASSETS

## INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2018	2,094,675.20	2,094,675.20
<b>Acquisition Cost 31.3.2019</b>	<b>2,094,675.20</b>	<b>2,094,675.20</b>
<b>Book value 31.3.2019</b>	<b>2,094,675.20</b>	<b>2,094,675.20</b>

## INVESTMENTS

Rs.	Shares, other	Total
Acquisition Cost 31.3.2018	162,588,689.02	162,588,689.02
<b>Acquisition Cost 31.3.2019</b>	<b>162,588,689.02</b>	<b>162,588,689.02</b>
<b>Book value 31.3.2019</b>	<b>162,588,689.02</b>	<b>162,588,689.02</b>

HCR Management Oy owns 4,04 % of the shares of Holiday Club Resorts Oy.

## SHAREHOLDERS' EQUITY

	Eur	Rs
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>		
Share Capital 31.3.2018	2,500.00	194,050.00
<b>Share Capital 31.3.2019</b>	<b>2,500.00</b>	<b>194,050.00</b>
<b>RESTRICTED SHAREHOLDERS' EQUITY TOTAL</b>	<b>2,500.00</b>	<b>194,050.00</b>

## NON-RESTRICTED SHAREHOLDERS' EQUITY

Reserve for Invested non-restricted equity 31.3.2018	1,833,300.00	142,300,746.00
Proceeds from issuance of Equity	0.00	0.00

	Eur	Rs
<b>Reserve for Invested non-restricted equity 31.3.2019</b>	<b>1,833,300.00</b>	<b>142,300,746.00</b>
Retained earnings 31.3.2018	302,404.58	23,472,643.50
Dividends	0.00	0.00
<b>Retained earnings 31.3.2019</b>	<b>302,404.58</b>	<b>23,472,643.50</b>
<b>Profit for the period</b>	<b>82,072.47</b>	<b>6,370,465.12</b>
<b>NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL</b>	<b>2,217,777.05</b>	<b>172,143,854.62</b>
<b>SHAREHOLDERS' EQUITY TOTAL</b>	<b>2,220,277.05</b>	<b>172,337,904.62</b>

## CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur	Rs
Reserve for invested non-restricted equity	1,833,300.00	142,300,746.00
Retained earnings	302,404.58	23,472,643.50
Profit for the period	82,072.47	6,370,465.12
<b>Total</b>	<b>2,217,777.05</b>	<b>172,143,854.62</b>

## SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/ share	124,320	2,500.00
<b>Total</b>	<b>124,320</b>	<b>2,500.00</b>

Rs.	pcs	Rs
1 vote/ share	124,320	194,050.00
<b>Total</b>	<b>124,320</b>	<b>194,050.00</b>

**SHORT TERM LIABILITIES**

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Bank Loans	0.00	0.00	0.00	0.00
Accrued interest	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	0.00	0.00

**OTHER NOTES****COLLATERALS GIVEN****ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES**

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Other Loans	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	0.00	0.00
Pledged assets	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	0.00	0.00

**Signing of the annual report and the board of director's report.**

Helsinki, 26 April 2019

**Arunkumar Nanda**  
Chairman of the Board

**Akhila Balachandar**  
Member of the Board

**Iiro Rossi**  
Member of the Board, CEO

**APPROVAL OF THE ANNUAL REPORT**

The audit report has been given today.

Helsinki, 30 April 2019

KPMG Oy Ab

**Esa Kailiala**  
KHT

## AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sweden AB, corporate identity number 556683-0385.

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Holiday Club Sweden AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sweden AB as of 31 March 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sweden AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's*

The Board of Director's is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Director's is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Director's is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Director's intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's of Holiday Club Sweden AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's*

The Board of Director's is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Director's is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Director's in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the

administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

**Öhrlings PricewaterhouseCoopers AB**

**Magnus Olsson**

Authorized Public Accountant

Sundsvall 23<sup>rd</sup> April, 2019

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The purpose of Holiday Club Sweden AB, Corporate Identity Number 556683-0385, is to fulfil parent company Holiday Club Resorts (HCR) OY's expansion plans in Sweden through the operation of hotel and experience facilities and timeshare activities.

Holiday Club currently only operates timeshare activities. The hotel are operated by Holiday Club Sport and Spa Hotels AB. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.44 = FC 1 which is the Bloomberg rate as on 31st March 2019.

### Multi-year review kSEK

	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK	2014/16 kSEK
Net sales	37,348	33,478	64,080	54,933
Profit/loss after financial items	(10,171)	(4,044)	6,709	(8,284)
Equity/assets ratio	62.2%	62.3%	62.4%	51.0%

### Multi-year review kINR

	2018/19 kINR	2017/18 kINR	2016/17 kINR	2014/16 kINR
Net sales	277,869	264,476	506,232	2,089,362
Profit/loss after financial items	(75,672)	(31,951)	53,001	(252,414)
Equity/assets ratio	62.2%	62.3%	62.4%	51.0%

### Changes in equity

	SEK		INR	
	Share capital	Retained earnings	Net profit/loss for the year	Total
Amount at beginning of year according to adopted balance sheet	100 kSEK 744 kINR	145,232 kSEK 1,080,523 kINR	(4,044) kSEK (30,091) kINR	141,287 kSEK 1,051,176 kINR
Appropriation of profits as resolved by the AGM				
To be carried forward		(4,044) kSEK (30,091) kINR	4,044 kSEK 30,091 kINR	
Profit/Loss for the year			(10,171) kSEK (75,672) kINR	(10,171) kSEK (75,672) kINR
<b>Amount at year-end</b>	100 kSEK 744 kINR	141,188 kSEK 1,050,432 kINR	(10,171) kSEK (75,672) kINR	131,117 kSEK 975,504 kINR

### Shareholders contribution

The shareholders have left shareholder contributions totaling 121,750 kSEK (905,820 kINR).

### Proposed Appropriation of Profits

	kSEK	kINR		kSEK	kINR
The following profits are at the disposal of the Annual General Meeting:			The Board of Director's proposes that the available profits be appropriated as follows:		
Profit/loss brought forward	141,187	1,050,432	Profit/loss brought forward	131,016	974,761
Profit/Loss for the year	(10,171)	(75,672)			
<b>Total</b>	<b>131,016</b>	<b>974,761</b>	<b>Total</b>	<b>131,016</b>	<b>974,761</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Note	1 Apr 2018 – 31 Mar 2019 kSEK	1 Apr 2018 – 31 Mar 2019 kINR	1 Apr 2017 – 31 Mar 2018 kSEK	1 Apr 2017 – 31 Mar 2018 kINR
<b>Operating income, changes in inventory, etc.</b>					
Net sales		37,348	277,868	33,478	264,478
Other operating income		21,840	162,488	5,243	41,419
<b>Total operating income, changes in inventory, etc.</b>		<b>59,188</b>	<b>440,355</b>	<b>38,721</b>	<b>305,897</b>
<b>Operating expenses</b>					
Raw materials and consumables		(47,979)	(356,962)	(20,948)	(165,491)
Other external expenses		(17,687)	(131,594)	(15,095)	(119,251)
Personnel costs	2	(9,680)	(72,020)	(8,069)	(63,744)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(125)	(933)	(111)	(875)
<b>Total operating expenses</b>		<b>(75,472)</b>	<b>(561,509)</b>	<b>(44,223)</b>	<b>(349,362)</b>
<b>Operating profit/(loss)</b>		<b>(16,284)</b>	<b>(121,154)</b>	<b>(5,502)</b>	<b>(43,464)</b>
<b>Financial items</b>					
Share of profits from interests in associates		4,825	35,896	0	0
Other interest income and similar profit/loss items	3	4,833	35,954	4,764	37,637
Interest and similar expenses	4	(3,544)	(26,368)	(3,307)	(26,124)
<b>Total financial items</b>		<b>6,113</b>	<b>45,483</b>	<b>1,457</b>	<b>11,513</b>
<b>Profit/(Loss) after financial items</b>		<b>(10,171)</b>	<b>(75,672)</b>	<b>(4,044)</b>	<b>(31,951)</b>
<b>Profit/(Loss) before tax</b>		<b>(10,171)</b>	<b>(75,672)</b>	<b>(4,044)</b>	<b>(31,951)</b>
<b>Profit/(Loss) for the year</b>		<b>(10,171)</b>	<b>(75,672)</b>	<b>(4,044)</b>	<b>(31,951)</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	Note	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
<b>Non-current assets</b>					
<i>Property, plant and equipment</i>					
Land and buildings	5	4,281	31,852	4,392	34,696
Equipment and tools	6	65	486	0	0
Current new developments	7	2,345	17,444	0	0
<b>Total property, plant and equipment</b>		<b>6,691</b>	<b>49,781</b>	4,392	34,696
<i>Financial non-current assets</i>					
Participations in Group companies	8,9	9,347	69,541	9,347	73,841
Receivables from Group companies	10	114,045	848,493	122,568	968,285
Other non-current receivables		5	38	22	176
<b>Total financial assets</b>		<b>123,397</b>	<b>918,072</b>	131,937	1,042,301
<b>Total non-current assets</b>		<b>130,088</b>	<b>967,853</b>	136,329	1,076,997
<b>Current assets</b>					
<i>Inventories etc.</i>					
Raw materials and consumables		56,926	423,529	28,514	225,263
Other inventory assets		0	0	17,908	141,473
<b>Total inventories</b>		<b>56,926</b>	<b>423,529</b>	46,422	366,737
<i>Current receivables</i>					
Trade receivables		4,018	29,892	3,559	28,117
Receivables from Group companies		15,077	112,173	15,350	121,267
Other receivables		1,650	12,276	199	1,575
Prepaid expenses and accrued income		364	2,709	20,482	161,807
<b>Total current receivables</b>		<b>21,109</b>	<b>157,050</b>	39,591	312,766
<i>Cash and bank balances</i>					
Cash and bank balances		2,621	19,499	4,371	34,531
<b>Total cash and bank balances</b>		<b>2,621</b>	<b>19,499</b>	4,371	34,531
<b>Total current assets</b>		<b>80,656</b>	<b>600,078</b>	90,384	714,034
<b>Total assets</b>		<b>210,743</b>	<b>1,567,931</b>	226,713	1,791,031

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	Note	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 1000 shares		100	744	100	790
<i>Total restricted equity</i>		<u>100</u>	<u>744</u>	<u>100</u>	<u>790</u>
<i>Non-restricted equity</i>					
Profit/(Loss) brought forward		141,187	1,050,432	145,232	1,147,330
Profit/(Loss) for the year		(10,171)	(75,672)	(4,044)	(31,951)
<i>Total Non-restricted equity</i>		<u>131,016</u>	<u>974,761</u>	<u>141,187</u>	<u>1,115,379</u>
<b>Total equity</b>		<u>131,116</u>	<u>975,505</u>	<u>141,287</u>	<u>1,116,169</u>
<b>Non-current liabilities</b>					
	11				
Liabilities to Group companies		73,098	543,850	68,699	542,722
Other liabilities		0	0	0	0
<b>Total non-current liabilities</b>		<u>73,098</u>	<u>543,850</u>	<u>68,699</u>	<u>542,722</u>
<b>Current liabilities</b>					
<u>Advances from customers</u>					
Trade creditors		905	6,736	1,928	15,231
Liabilities to Group companies		1,018	7,574	6,091	48,122
Other liabilities		826	6,142	6,293	49,719
Accrued expenses and deferred income		3,780	28,124	2,414	19,069
<b>Total current liabilities</b>		<u>6,529</u>	<u>48,577</u>	<u>16,727</u>	<u>132,141</u>
<b>Total equity and liabilities</b>		<u>210,743</u>	<u>1,567,931</u>	<u>226,713</u>	<u>1,791,031</u>



## SUPPLEMENTARY DISCLOSURES

**Note 1 Accounting and Valuation Principles**

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

**Service assignments and contract work**

The Company's income from assignments undertaken on a fixed price basis is recognised according to the main rule.

**Amortisation**

Land and buildings	30 years
Equipment and tools	5 years

**Definitions of key performance indicators**Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

**Disclosures to the Income Statement****Note 2 Personnel**

	1 Apr 2018 – 31 Mar 2019	1 Apr 2017 – 31 Mar 2018
Average number of employees, etc.	19	19

**Note 3 Other interest income and similar profit/loss items**

	1 Apr 2018 – 31 Mar 2019	1 Apr 2018 – 31 Mar 2019	1 Apr 2017 – 31 Mar 2018	1 Apr 2017 – 31 Mar 2018
	kSEK	kINR	kSEK	kINR
Of which from Group companies	4,831	35,946	4,759	37,595

**Note 4 Interest expense and similar profit/loss items**

	1 Apr 2018 – 31 Mar 2019	1 Apr 2018 – 31 Mar 2019	1 Apr 2017 – 31 Mar 2018	1 Apr 2017 – 31 Mar 2018
	kSEK	kINR	kSEK	kINR
Of which from Group companies	3,352	24,938	3,297	26,043

**Note 7 Current new developments**

	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
Opening cost of acquisition	0	0	33,792	266,956.8
- Purchases	2,345	17,444		
- Sales	0	0	(33,792)	(266,957)
	2,345	17,444	0	0
- Depreciation for the year	0	0	0	0
Closing depreciation	0	0	0	0
Carrying amount	2,345	17,444	0	0

**Note 8 Participations in Group companies**

	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
Opening cost of acquisition	9,347	69,541	9,297	73,446
- Purchases	0	0	50	395
- Sales	0	0	0	0
Carrying amount	9,347	69,541	9,347	73,841

**Balance sheet disclosures****Note 5 Land and buildings**

	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
Opening cost of acquisition	5,571	41,447	8,189	64,697
Sales	0	0	(2,619)	(20,687)
Closing cost of acquisition	5,571	41,447	5,571	44,010
Opening depreciation/amortisation	(1,179)	(8,771)	(1,068)	(8,439)
- Depreciation for the year	(111)	(824)	(111)	(875)
Closing depreciation	(1,290)	(9,595)	(1,179)	(9,314)
Carrying amount	4,281	31,852	4,392	34,696

**Note 6 Equipment and tools**

	31 Mar 2019 kSEK	31 Mar 2019 kINR	31 Mar 2018 kSEK	31 Mar 2018 kINR
Opening cost of acquisition	0	0	0	0
Purchase	80	595	0	0
Closing cost of acquisition	80	595	0	0
Opening depreciation and amortisation	0	0	0	0
- Depreciation for the year	(15)	(109)	0	0
Closing depreciation	(15)	(109)	0	0
Carrying amount	65	486	0	0

**Note 9 Specification participations in Group companies**

	31 Mar 2019	31 Mar 2019	31 Mar 2018	31 Mar 2018
	kSEK	kINR	kSEK	kINR
<b>Name</b>	<b>Equity kSEK</b>	<b>Net profit/loss kSEK</b>	<b>Equity kINR</b>	<b>Net profit/loss kINR</b>
Ownership Service AB 556676-0327 Åre	1,982	(33)	14,746	(243)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	5,188	(1,832)	38,601	(13,632)
HC Canarias Investment S.L B-76081603 Las Palmas	0	(30)	0	(222)
HC Canarias Resort Management S.L B-76081629 Las Palmas	37,110	2,729	276,095	20,302
HC Sport and Spahotels AB 559032-5733 Åre	3,581	(143)	26,646	(1,064)
Åre Villa 1 AB 556996-2177 Åre	50	0	372	0
Åre Villa 2 AB 556996-2250 Åre	50	0	372	0
Åre Villa 3 AB 559137-7659 Åre	4,610	(4,826)	34,300	(35,906)
Total	52,572	(4,135)	391,132	(30,765)

	Number of shares	Share of equity, %	Carrying amount, 31 Mar 2019 SEK	Carrying amount, 31 Mar 2019 kINR
<b>Name</b>				
Ownership Service AB	1,000	100	100	744
HC Canarias Sales & Marketing	1	100	9	70
HC Canarias Resort Management	1	100	9	70
HC Canarias Investment	1	100	78	581
Holiday Club Sport and Spa Hotels AB	510,000	51	9,000	66,960
Åre Villa 1 AB	50,000	100	50	372
Åre Villa 2 AB	50,000	100	50	372
Åre Villa 3 AB	50,000	100	50	372
			9,347	69,541

**Note 10 Receivables from Group companies**

	31 Mar 2019	31 Mar 2019	31 Mar 2018	31 Mar 2018
	kSEK	kINR	kSEK	kINR
Opening cost of acquisition	122,568	911,904	118,370	935,126
Deductible receivables	3,459		9,340	
- Deductible receivables	(11,982)	(89,143)	(5,142)	(40,623)
- Reclassification	0	0	0	0
Carrying amount	114,045	822,761	122,568	894,503

**Note 11 Non-current liabilities**

	31 Mar 2019	31 Mar 2019	31 Mar 2018	31 Mar 2018
	kSEK	kINR	kSEK	kINR
Non-current liabilities maturing more than five years after the balance sheet date:				
Liabilities to Group companies	137,775	1,025,043	134,237	1,060,474
Total	137,775	1,025,043	122,221	887,324

**Note 12 Parent Company**

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

**Note 13 Pledged assets**

	<b>31 Mar 2018</b>	<b>31 Mar 2018</b>	31 Mar 2017	31 Mar 2017
	<b>– 31 Mar 2019</b>	<b>– 31 Mar 2019</b>	– 31 Mar 2018	– 31 Mar 2018
	<b>kSEK</b>	<b>kSEK</b>	kINR	kINR
Mortgages	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Guarantee commitments subsidiary	<b>6,820</b>	<b>50,741</b>	7,000	55,300
Other pledged assets	<u>55,364</u>	<u>411,906</u>	<u>26,952</u>	<u>212,922</u>
<b>Total pledged assets</b>	<b><u>62,184</u></b>	<b><u>462,647</u></b>	<b><u>33,952</u></b>	<b><u>268,222</u></b>

Stockholm 16 April, 2019

**Tapio Anttila**  
CEO

**Nina Norberg**

**Anne Oravainen**

Our auditor's report has been submitted 23 April, 2019  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## AUDITOR'S REPORT

**To the general meeting of the shareholders of Ownership Service Sweden AB, corporate identity number 556676-0327**

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Ownership Service Sweden AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Ownership Service Sweden AB as of 31 March 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Ownership Service Sweden AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Ownership Service Sweden AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

Place: Sundsvall  
Date: 23<sup>rd</sup> April, 2019

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The company's operations consist of administrative and technical management of tenant-owner associations.

The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.44 = FC 1 which is the Bloomberg rate as on 31st March 2019.

### MULTI-YEAR REVIEW kSEK

	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK (15 month)	2015/16 kSEK
Balance sheet total, kSEK	12,689	11,203	9,908	9,691
Equity/assets ratio	15.6%	18.0%	20.6 %	21.3 %

### MULTI-YEAR REVIEW kINR

	2018/19 kINR	2017/18 kINR	2016/17 kINR (15 month)	2015/16 kINR
Balance sheet total, kINR	94,409	88,504	78,273	76,559
Equity/assets ratio	15.6%	18.0%	20.6%	21.3 %

### CHANGES IN EQUITY

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Amount at beginning of year according to adopted balance sheet	100,000SEK 744,000INR	1,941,239SEK 14,442,818INR	(26,532SEK) (197,398INR)	2,014,707SEK 14,989,420INR

	Share capital	Profit/loss brought forward	Net profit/loss	TOTAL
Appropriation of profits as resolved by the AGM				
To be carried forward		(26,532SEK) (197,398INR)	26,532SEK 197,398INR	
Profit/loss for the year			(32,681SEK) (243,147INR)	(32,681SEK) (243,147INR)
Balance at year-end	100,000SEK 744,000INR	1,914,707SEK 14,245,420INR	(32,681SEK) (243,147INR)	1,982,026SEK 14,746,273INR

### PROPOSED APPROPRIATION OF PROFITS

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit bought forward	1,914,707	14,245,420
Profit/Loss for the year	(32,681)	(243,147)
<b>Total</b>	<b>1,882,026</b>	<b>14,002,273</b>

The Board of Directors proposes that the available profits be appropriated as follows:

Profit/loss brought forward	1,882,026	14,002,273
<b>Total</b>	<b>1,882,026</b>	<b>14,002,273</b>

**INCOME STATEMENT**

<b>Note</b>	<b>1 Apr 2018 –31 Mar 2018 SEK</b>	<b>1 Apr 2018 –31 Mar 2018 INR</b>	<b>1 Apr 2017 –31 Mar 2018 SEK</b>	<b>1 Apr 2017 –31 Mar 2018 INR</b>
<b>Operating expenses</b>				
Other external expenses	<u>(32,681)</u>	<u>(243,147)</u>	<u>(26,709)</u>	<u>(211,001)</u>
<b>Total operating expenses</b>	<b>(32,681)</b>	<b>(243,147)</b>	<b>(26,709)</b>	<b>(211,001)</b>
<b>Operating profit/loss</b>	<b>(32,681)</b>	<b>(243,147)</b>	<b>(26,709)</b>	<b>(211,001)</b>
<b>Financial items</b>				
Other interest income and similar profit/loss items	<u>0</u>	<u>0</u>	<u>177</u>	<u>1,398</u>
<b>Total financial items</b>	<b>0</b>	<b>0</b>	<b>177</b>	<b>1,398</b>
<b>Profit/loss after financial items</b>	<b>(32,681)</b>	<b>(243,147)</b>	<b>(26,532)</b>	<b>(209,603)</b>
<b>Profit/Loss before tax</b>	<b>(32,681)</b>	<b>(243,147)</b>	<b>(26,532)</b>	<b>(209,603)</b>
<b>Profit/Loss for the year</b>	<u><b>(32,681)</b></u>	<u><b>(243,147)</b></u>	<u><b>(26,532)</b></u>	<u><b>(209,603)</b></u>

**BALANCE SHEET**

	Note	31-Mar-19 SEK	31-Mar-19 INR	31-Mar-18 SEK	31-Mar-18 INR
<b>Assets</b>					
<b>Current assets</b>					
<i>Current receivables</i>					
Trade receivables		1,398,639	10,405,874	1,401,667	11,073,169
Receivables from Group comp		2,372,954	17,654,778	2,372,954	18,746,337
<b>Total current receivables</b>		<b>3,771,593</b>	<b>28,060,652</b>	<b>3,774,621</b>	<b>29,819,506</b>
<i>Cash and bank balances</i>					
Cash and bank balances		8,917,816	66,348,551	7,428,191	58,682,709
<b>Total cash and bank balances</b>		<b>8,917,816</b>	<b>66,348,551</b>	<b>7,428,191</b>	<b>58,682,709</b>
<b>Total current assets</b>		<b>12,689,409</b>	<b>94,409,203</b>	<b>11,202,812</b>	<b>88,502,215</b>
<b>Total assets</b>		<b>12,689,409</b>	<b>94,409,203</b>	<b>11,202,812</b>	<b>88,502,215</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital		100,000	744,000	100,000	790,000
<b>Total restricted equity</b>		<b>100,000</b>	<b>744,000</b>	<b>100,000</b>	<b>790,000</b>
<i>Non-restricted equity</i>					
Profit brought forward		1,914,707	14,245,420	1,941,239	15,335,788
Profit/Loss for the year		(32,681)	(243,147)	(26,532)	(209,603)
<b>Total Non-restricted equity</b>		<b>1,882,026</b>	<b>14,002,273</b>	<b>1,914,707</b>	<b>15,126,185</b>
<b>Total equity</b>		<b>1,982,026</b>	<b>14,746,273</b>	<b>2,014,707</b>	<b>15,916,185</b>
<b>Current liabilities</b>					
Other liabilities		10,687,082	79,511,890	9,188,105	72,586,030
Accrued exp and deferred inc		20,301	151,039	0	0
<b>Total current liabilities</b>		<b>10,707,383</b>	<b>79,662,930</b>	<b>9,188,105</b>	<b>72,586,030</b>
<b>Total equity and liabilities</b>		<b>12,689,409</b>	<b>94,409,203</b>	<b>11,202,812</b>	<b>88,502,215</b>



## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

*Definitions of key performance indicators*

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2019.

Åre 2019-

**Iiro Rossi**

**Tapio Anttila**

**Anne Oravainen**

Our auditor's report has been submitted 2019-  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**

Authorized Public Accountant

## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

**Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.**

**To the Shareholders of HOLIDAY CLUB CANARIAS INVESTMENT, SLU:**

### Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU, (the Company) which comprise the balance sheet as at 31 March 2019, and the income statement and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2019 and of its results for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

### Balances with related parties

As shown in the balance sheet, the items of assets and liabilities with the highest amount correspond to "Short-term investments in Group, Multigroup and Associate companies", amounting to 952,858 euros, and "Short term debts with Group and Associated Companies", amounting to 959,460 euros, respectively (see note 10 of the report). These items represent practically the total assets and liabilities of the balance sheet. Due to the monetary relevance of said items and the balance connection, the valuation of said credits has been considered a relevant aspect, especially the collectability of the asset figure.

Our procedures included the analysis of the reconciliation of the balances with the group companies, as well as the collectability of the asset's item. To this end, the Annual Accounts of the group companies have been audited.

### Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

### Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of

our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

**RSM SPAIN AUDITORES, SLP**  
(nº ROAC S2158)

**Javier AL VAREZ CABRERA**  
(nº ROAC 16092)

Las Palmas de Gran Canaria, on April 17<sup>th</sup> 2019

**BALANCE SHEET AT MARCH 31, 2019**

ASSET	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) NON CURRENT ASSET</b>					
IV. Long-Term investments in group companies and associates	5	6,203	481,477	6,200	500,092
<b>TOTAL A</b>		<u>6,203</u>	<u>481,477</u>	<u>6,200</u>	<u>500,092</u>
<b>B) CURRENT ASSETS</b>					
III. Trade and other receivables	5	744	57,727	783	63,162
3. Other Debtors		744	57,727	783	63,162
IV. Short-term investments in Group, Multigroup and Associate companies.	5-10	952,858	73,960,799	883,071	71,228,523
VII. Cash and equivalent liquid assets	5	881	68,415	1,232	99,373
<b>TOTAL B</b>		<u>954,483</u>	<u>74,086,941</u>	<u>885,086</u>	<u>71,391,059</u>
<b>TOTAL ASSET (A + B)</b>		<u>960,686</u>	<u>74,568,418</u>	<u>891,286</u>	<u>71,891,151</u>

		(Euros)	(Rupees)	(Euros)	(Rupees)
	Notes	2018/19	2018/19	2017/18	2017/18
<b>TOTAL EQUITY AND LIABILITIES</b>					
<b>A) TOTAL EQUITY</b>					
<b>A-1) EQUITY</b>		<b>718</b>	<b>57,883</b>	2,868	231,329
<b>I. Capital</b>	<b>7</b>	<b>3,100</b>	<b>240,622</b>	3,100	250,046
1. Share Capital		<b>3,100</b>	<b>240,622</b>	3,100	250,046
<b>III. Reserves</b>		<b>1,901</b>	<b>147,528</b>	1,901	153,306
<b>V. Profit &amp; Loss from previous periods</b>		<b>(9,165)</b>	<b>(711,413)</b>	(7,278)	(587,039)
<b>VI. Partner Contributions</b>		<b>7,033</b>	<b>545,873</b>	7,033	567,252
<b>VII. Result for the period (losses)</b>	<b>3</b>	<b>(2,150)</b>	<b>(166,909)</b>	(1,887)	(152,237)
<b>TOTAL A</b>		<b>718</b>	<b>55,702</b>	2,868	231,329
<b>C) CURRENT LIABILITIES</b>					
<b>IV. Short term debts with Group and Associated Companies</b>	<b>6-10</b>	<b>959,460</b>	<b>74,473,268</b>	888,418	71,659,822
<b>V. Trade Creditors and other Accounts payable</b>	<b>6</b>	<b>508</b>	<b>39,448</b>	0	0
2. Sundry Creditors		<b>508</b>	<b>39,448</b>	0	0
<b>TOTAL C</b>		<b>959,968</b>	<b>74,512,716</b>	888,418	71,659,822
<b>TOTAL EQUITY AND LIABILITIES (A + C)</b>		<b>960,686</b>	<b>74,568,418</b>	891,286	71,891,151

**PROFIT AND LOSS ACCOUNTS AT MARCH 31, 2019**

CONCEPTOS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
7. Other operating expenses	9	<u>(2,867)</u>	<u>(222,544)</u>	<u>(1,857)</u>	<u>(149,819)</u>
13. Other results		<u>0</u>	<u>0</u>	<u>(30)</u>	<u>(2,418)</u>
<b>A.1) OPERATING INCOME (LOSS)</b>		<u><b>(2,867)</b></u>	<u><b>(222,544)</b></u>	<u><b>(1,887)</b></u>	<u><b>(152,238)</b></u>
<b>A.3) PROFIT BEFORE TAXES (LOSS)</b>		<u><b>(2,867)</b></u>	<u><b>(222,544)</b></u>	<u><b>(1,887)</b></u>	<u><b>(152,237)</b></u>
19. Corporate Income Tax	8	<u>717</u>	<u>55,636</u>	<u>0</u>	<u>0</u>
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (LOSS)</b>		<u><u><b>(2,150)</b></u></u>	<u><u><b>(166,909)</b></u></u>	<u><u><b>(1,887)</b></u></u>	<u><u><b>(152,237)</b></u></u>

## 2018 / 2019 ABRIDGED FINANCIAL REPORT

### 1. THE COMPANY'S BUSINESS

1.1. HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U. was set up as a limited corporation on December 9, 2010, before the Notary Public Valentín Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.

On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22<sup>nd</sup>, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1<sup>st</sup> to September 30<sup>th</sup> was changed. However, in February the 1<sup>st</sup> 2016 the General Meeting of the company decided to modify the beginning and the end of the financial period in the Company Bylaws and now is from April 1<sup>st</sup> till March 31<sup>st</sup> every year.

1.2. The main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use.

1.3. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.4. The Company is dominant in the Holiday Club group under the terms of the article 42 of the Commercial Code. However, it does not prepare consolidated annual accounts because it does not exceed the limits set forth in the Capital Companies Law, so the following annual accounts refer exclusively to Holiday Club Canarias Investment, S.L.U. Furthermore, the company is a member of a group whose parent company is Holiday Club Resort OY, located in an EU Member State, Finland, that presents Consolidated Financial Statements in that country. In addition, Holiday Club Resort OY is a member of a group whose holding company is Mahindra & Mahindra limited, located in India.

### 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 =

FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

#### 2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

#### 2.2. Non-Mandatory Accounting Principles Applied:

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

#### 2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

In the drafting of Annual Accounts for the financial year ending on March 31, 2019, it was not necessary for the Corporate Administrative Body to use any estimates to appraise assets, liabilities and expenses.

On the other hand, the Administrative Body is not aware of any uncertainties relative to conditions from which any doubts could arise, regarding the fact that the company is still operating normally. Therefore, the Annual Accounts have been prepared by the Administrative Body following the principals of a functioning company. With regard to the fact that the net equity is less than half the share capital it will be re-established the next financial period.

#### 2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2019 according to the current law show comparatively the balances of the previous

financial period, which match with the information of the annual account for the financial period 2017/18.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

### 3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31<sup>st</sup> 2019, which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31<sup>st</sup> 2018, is as follows:

<u>Euros</u>		
<b><u>Distribution Balance</u></b>	<b>2018/19</b>	<b>2017/18</b>
Financial period Losses	<b>(2,150)</b>	(1,887)
<b>Total</b>	<b><u>(2,150)</u></b>	<u>(1,887)</u>
<b><u>Distribution</u></b>		
Losses accumulated from previous Financial Periods	<b>(2,150)</b>	(1,887)
<b>Total</b>	<b><u>(2,150)</u></b>	<u>1,887</u>
<u>Rupees</u>		
<b><u>Distribution Balance</u></b>	<b>2018/19</b>	<b>2017/18</b>
Financial period Losses	<b>(166,909)</b>	(152,237)
<b>Total</b>	<b><u>(166,909)</u></b>	<u>(152,237)</u>
<b><u>Distribution</u></b>		
Losses accumulated from previous Financial Periods	<b>(166,909)</b>	(152,237)
<b>Total</b>	<b><u>(166,909)</u></b>	<u>(152,237)</u>

### 4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

#### 4.1. Financial Instruments

The breakdown of the financial assets is as follows:

- a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.
- b) Investments in group, multi-group and associated companies: Investments in group companies are

initially valued at their cost, plus transaction costs. The subsequent valuation is due to its cost lessened by the accumulated amount of the valuation adjustments for impairment that may exist.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

#### 4.2. Transactions in Foreign Currency

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

#### 4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

No current tax expense has been recorded in the year, because of the negative tax base results.

A deferred tax asset has been recognized on negative tax bases for the financial period 2018/19

#### 4.4. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its



amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

#### 4.5. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

### 5. FINANCIAL ASSETS

#### 5.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

<u>Euros</u>	<u>Equity Instruments</u>		<u>Debt Securities</u>		<u>Credits/Derivatives/ Others</u>	
	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	953,030	883,281
Liquid Assets	-	-	-	-	881	1,232
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>953,912</b>	<b>884,513</b>
<u>Rupees</u>	<u>Equity Instruments</u>		<u>Debt Securities</u>		<u>Credits/Derivatives/ Others</u>	
	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	73,974,210	71,245,470
Liquid Assets	-	-	-	-	68,415	99,373
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,042,625</b>	<b>71,344,843</b>

#### 5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term and all the loans and receivables with companies of the group and associated, for the amount of 952,858 Euros (73,960,838 Rupees) and debtors for the amount of 172 Euros (13,351 Rupees)

- Reserves: 5,396,060 Euros (418,842,177 Rupees)
- Grants: 238,283 Euros (18,495,526 Rupees)
- Losses from previous periods: (4,962,258) Euros ((385,170,466) Rupees)
- Result for the period (losses): (197,927) Euros ((15,363,094) Rupees)

#### 5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2019 is detailed below:

1) Name: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the sale of rights of use by turn of real property of the resorts Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma.

Percentage of direct participation: 100%

Figures of the balance 2018/19: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (240,622 Rupees)

Value of participation:

- theoretical value: 477,259 (37,044,844 Rupees)
- book value: 3,100 Euros (240,622 Rupees)

2) Name: HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is the hotel resorts management (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma).

Percentage of direct participation: 100%

Figures of the balance 2018/19: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros (240,622 Rupees)

- Reserves: 3,529,523 Euros (273,961,575 Rupees)
- Losses from previous periods: (236,134) Euros ((18,328,721) Rupees)
- Result for the period (profit): 266,823 Euros (20,710,801 Rupees)

Value of participation:

- theoretical value: 3,573,311 Euros (277,360,400 Rupees)
- book value: 3,100 Euros (240,622 Rupees)

3) Name: PasseportSante SLL

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it's main activity is touristic accommodation and other short term accommodation

Percentage of direct participation: 100%

Figures of the balance 2018/19: annual accounts audited by RSM Spain Auditors

- Capital: 3,000 Euros (232,860 Rupees)
- Losses from previous periods: (3,000) Euros ((232,860) Rupees)
- Result for the period (profit): 1,088 Euros (84,451 Rupees)

Value of participation:

- theoretical value: 1,088 Euros (84,451 Rupees)
- book value: 3 Euros (233 Rupees)

- b) There are not movements during 2017/18 in equity instruments in companies of the Group and associated. In the financial period 2018/19 all the PasseportSante SLU shares have been acquired for the amount of 3 Euros (233 Rupees).

## 6. FINANCIAL LIABILITIES

### 6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

<u>Euros</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>
<b>Short-term Financial Liabilities</b>						
Debits and Payables	-	-	-	-	<b>959,968</b>	888,418
<b>Totals</b>					<b>959,968</b>	888,418
<u>Rupees</u>	<u>Debits with Credit Institutions</u>		<u>Bonds and Other Market Securities</u>		<u>Derivatives/Others</u>	
	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>	<u>31.03.19</u>	<u>31.03.18</u>
<b>Short-term Financial Liabilities</b>						
Debits and Payables	-	-	-	-	<b>74,512,716</b>	71,659,822
<b>Totals</b>					<b>74,512,716</b>	71,659,822

### 6.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to "Debts with companies of the Group and associates in the short term" for the amount of 959,460 Euros (74,473,285 Rupees) and sundry creditors for the amount of 508 Euros (39,431 Rupees).

## 7. EQUITY

- 7.1. The Share Capital comes to 3,100 Euros (240,622 Rupees), divided into thirty-one shares at face value of 100 Euros (77,62 Rupees) each.
- 7.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Sweden AB.

## 8. FISCAL POSITION

### 8.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law,

of 27<sup>th</sup> November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

### 8.2. Individual tax base

The accounting result and the taxable base of the Corporate Tax don't differ. This means that the company has losses in this period for the amount of 2,150 Euros (166,833 Rupees).

A deferred tax asset has been recognized on negative tax bases for the financial period 2018/19 for the amount

of 717 Euros (55,654 Rupees) which is the 25% of the negative tax base of 2,867 Euros (222,537 Rupees).

Notwithstanding the aforesaid, the Company is taxed within a group in which it is the parent company, subject to the special tax system of consolidated taxation. The generated taxable income that would be offset in future periods is compensated with positive taxable bases generated in the Group.

Loans between companies in the Group to cover negative taxable bases have been recorded in the Company's accounting.

As per current legislation, taxes cannot be considered to have been settled until the returns presented have been inspected by the Revenue Service or the four-year statute of limitations has passed.

Therefore, at the date of closing, the Company has all taxes applicable corresponding to the last four years, including its Corporate Tax for the period 2018/2019, available for inspection.

The Administrative body of the Company considers that the abovementioned taxes have all been adequately settled, for which, even in the event of discrepancies in the interpretation of current regulations in the fiscal treatment practised on the operations, possible resulting liabilities, in the event they should materialise, would not significantly affect the attached abridged yearly accounts.

### 8.3 Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2018/2019, the Company has not applied any tax incentives.

## 9. INCOME AND EXPENSES

The Company has carried out the following operations in this period, which are reflected in the corresponding heading in the Profit and Loss Account:

### a) External Services:

<u>Euros</u>	<u>2018/19</u>	<u>2017/18</u>
Professional services	1,798	770
Bank Services and Similar	--	14
Local Tax	1,069	1,074
<b>Totals</b>	<b>2,867</b>	<b>1,857</b>

<u>Rupees</u>	<u>2018/19</u>	<u>2017/18</u>
Professional services	139,585	62,078
Bank Services and Similar	--	1,140
Local Tax	82,959	86,601
<b>Totals</b>	<b>222,544</b>	<b>149,819</b>

## 10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2019 and 2018 with related companies are as follows:

<u>Euros</u>	<u>2018/19</u>		<u>2017/18</u>	
	<u>Debit Balances</u>	<u>Credit Balances</u>	<u>Debit Balances</u>	<u>Credit Balances</u>
<b>Company</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	959,460	-	888,418
Holiday Club Canarias Resort Managemet, SLU	952,858	-	883,071	-
<b>Totals</b>	<b>952,858</b>	<b>959,460</b>	<b>883,071</b>	<b>888,418</b>

<u>Rupees</u>	<u>2018/19</u>		<u>2017/18</u>	
	<u>Debit Balances</u>	<u>Credit Balances</u>	<u>Debit Balances</u>	<u>Credit Balances</u>
<b>Company</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	74,473,268	-	71,659,822
Holiday Club Canarias Resort Managemet, SLU	73,960,799	-	71,228,523	-
<b>Totals</b>	<b>73,960,799</b>	<b>74,473,268</b>	<b>71,228,523</b>	<b>71,659,822</b>

The Company endorses the company of the group Holiday Club Canarias Resort Management, S.L.U. for a loan obtained from a financial institution and the outstanding amount is 167,890 Euros (13,031,622 Rupees). Therefore the company endorses the related company Holiday Club Canarias Sales & Marketing SLU for the amount of 152,000 Euros (11,798,240 Rupees) to deal with the ongoing trials.

## 11. OTHER INFORMATION

### 11.1. Average number of Employees

The Company haven't had employees during this period and the period before.

### 11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

Mogán, April 15<sup>th</sup>, 2019

**Calvin Stuart Lucock**  
Joint and Several Administrator and  
Holiday Club Resorts Oy Representative

## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

**To the Sole Shareholder of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU:**

### Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU, (the Company) which comprise the balance sheet as at 31 March 2019, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2019, and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

#### *Inventories*

As shown in the liquid assets in the balance sheet, the Company has registered inventories for the net of 7.28 million

euros. In note 10 is shown that 99% of the stocks are made up of the weeks not sold in timeshare regime for each of the complexes and type of room. The valuation of the unsold weeks can be of two types: The valuation of few weeks is the cost of the original acquisition that it had for the Company in April 2011 (see note 1.6). Other weeks, which were sold at the time and the Company had them back at rest due to contractual breach by customers, are valued at the cost of their repossession. The Entity maintains inventory control at the close of the fiscal year, both for the weeks acquired at the origin, as well as for the weeks reposessed. Due to the large number of none sold weeks, the diversity of room types by the complex and the results for which these weeks are activated in stock, the proof of the laborious work is correct and the units of the stocks, the integrity and the valuation of the inventories has been considered to be subject to significant risk.

Our procedures included, among others, the verification of the inventory of weeks not sold and the costs associated to each one of them, validating the possible types of valuation, based on the reason for registration in stock. In addition, it has carried out verifications in weeks sold in the year to verify that they have not been sold below cost and that they do not appear in the Company's stock at the end of the year.

#### *Client claims*

As explained by the Company in note 14.1, the Entity has received 110 customer claims, which request the nullity of the contract and an economic compensation for a total amount of 5.3 million euros. As of the date of issuance of this report, there have been 69 judgment decisions, mostly against the Entity, which condemn it to the payment around one million euros. The Entity has estimated a risk amount of 344,882 euros at the year end. For the calculation of that risk, the Entity analyses, together with the legal advisor, case by case, since the judgments do not all follow the same criteria. Due to the high volume of demands regarding the number and amounts, the diversity of judgments received since the conclusion on the estimation of risk is subject to significant judgments and estimates by the Company's Management, it has been considered a relevant aspect in our audit the correct accounting estimate of the existing risk and its correct explanation in the annual accounts.

Our audit procedures consisted, among others, in a meeting with the Company's legal counsel, analysing the type of judgment on a case-by-case basis, verifying the cases in which there has been recourse by the Company and analysing the criteria followed by the Company to determine the risk of each of them. Finally, it has been verified that notes 4.8 and 14.1 of the report include the information required by the applicable financial reporting framework.

#### **Other information: Management Report**

The other information includes the management report for the year ended 31 March 2019, the formulation of which is the responsibility of the Company's Director's, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2018-2019 and its content and presentation are in accordance with the applicable regulations.

#### **Director's responsibilities**

The Director's are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director's are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director's intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

#### **Responsibilities of the auditor in connection with the audit of the financial statements**

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design

and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director's.
- We conclude on whether the use, by the Director's, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director's regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director's, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP  
(nº ROAC S2158)

Javier ALVAREZ CABRERA  
(nº ROAC 16092)

Las Palmas de Gran Canaria,  
on April 17<sup>th</sup> 2019

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

<b>ASSETS</b>	<b>Notes</b>	<b>(Euros) 2018/19</b>	<b>(Rupees) 2018/19</b>	<b>(Euros) 2017/18</b>	<b>(Rupees) 2017/18</b>
<b>A) NON-CURRENT ASSETS</b>					
<b>I. Intangible Assets</b>	<b>5</b>	<b>1,274,953</b>	<b>98,961,874</b>	1,452,059	117,123,045
4. Goodwill		1,265,596	98,235,580	1,446,396	116,666,276
5. IT applications		9,357	726,293	5,663	456,770
<b>II. Fixed Assets</b>	<b>6</b>	<b>1,869,489</b>	<b>145,109,713</b>	2,290,004	184,711,745
1. Property and Buildings		405,278	31,457,677	574,872	46,369,209
2. Technical Facilities and other Fixed Assets		1,427,826	110,827,868	1,715,132	138,342,536
3. Advances and fixed assets in progress		36,385	2,824,168	0	0
<b>V. Long-term financial investments</b>	<b>7</b>	<b>218,833</b>	<b>16,985,833</b>	16,658	1,343,634
5. Other financial assets		218,833	16,985,833	16,658	1,343,634
<b>VI. Deferred Tax Assets</b>	<b>12</b>	<b>59,506</b>	<b>4,618,851</b>	68,630	5,535,692
<b>TOTAL A</b>		<b>3,422,781</b>	<b>265,676,271</b>	3,827,351	308,714,116
<b>B) LIQUID ASSETS</b>					
<b>II. Inventories</b>	<b>10</b>	<b>7,296,153</b>	<b>566,327,387</b>	7,116,147	573,988,440
1. Commercial inventories		7,284,923	565,455,736	7,106,634	573,221,102
6. Advance payments to suppliers		11,230	871,651	9,513	767,337
<b>III. Commercial debtors and other accounts receivables</b>		<b>1,534,214</b>	<b>119,085,680</b>	2,573,936	207,613,654
1. Trade receivables	<b>7</b>	<b>1,455,759</b>	<b>112,995,992</b>	2,491,814	200,989,754
a) Trade receivables/long term		575,891	44,700,660	705,624	56,915,621
b) Trade receivables/short term		879,868	68,295,332	1,786,191	144,074,132
4. Personnel	<b>7</b>	<b>14,912</b>	<b>1,157,469</b>	12,447	1,003,956
6. Other receivables from Public Administrations		63,543	4,932,219	69,674	5,619,944
<b>IV. Short-term Investments in affiliated group and associated companies</b>	<b>7-18</b>	<b>1,573,199</b>	<b>122,111,701</b>	888,372	71,656,123
2. Loans to companies		1,573,199	122,111,701	888,372	71,656,123
<b>V. Short-term financial investments</b>	<b>7</b>	<b>241,089</b>	<b>18,713,303</b>	8,210	662,207
5. Other financial assets		241,089	18,713,303	8,210	662,207
<b>VI. Short-term accruals</b>	<b>7</b>	<b>1,561,598</b>	<b>121,211,215</b>	1,356,203	109,391,320
<b>VII. Cash and other equivalent liquid assets</b>	<b>7</b>	<b>128,846</b>	<b>10,001,043</b>	756,799	61,043,445
1. Liquid assets		128,846	10,001,043	756,799	61,043,445
<b>TOTAL B</b>		<b>12,335,098</b>	<b>957,450,329</b>	12,699,668	1,024,355,188
<b>TOTAL ASSETS (A + B)</b>		<b>15,757,879</b>	<b>1,223,126,600</b>	16,527,018	1,333,069,304

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

<b>NET WORTH AND LIABILITIES</b>		<b>Notes</b>	<b>(Euros) 2018/19</b>	<b>(Rupees) 2018/19</b>	<b>(Euros) 2017/18</b>	<b>(Rupees) 2017/18</b>
<b>A) TOTAL EQUITY</b>						
<b>A-1) EQUITY</b>						
<b>I. Capital</b>						
1. Shared Capital						
<b>III. Reserves</b>						
1. Legal and statutory						
2. Other reserves						
<b>V. Profit &amp; Loss from previous Periods</b>						
2. (Losses from previous Periods)						
<b>VII. Losses for the period</b>						
<b>A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED</b>						
<b>TOTAL A</b>						
<b>B) NON CURRENT LIABILITIES</b>						
<b>I. Long-term provisions</b>						
4. Other provisions						
<b>III. Long-term debts with Group and associated Companies</b>						
<b>IV. Deferred Tax liabilities</b>						
<b>TOTAL B</b>						
<b>C) CURRENT LIABILITIES</b>						
<b>II. Short-term provisions</b>						
<b>III. Short-term debts</b>						
5. Other financial liabilities						
<b>IV. Short-term debts with Group and associated Companies</b>						
<b>V. Trade Creditors and other Accounts payable</b>						
1. Suppliers						
3. Sundry Creditors						
4. Staff (salaries pending payment)						
6. Other debts with Public Administrations						
7. Customer advances						
<b>TOTAL C</b>						
<b>TOTAL NET WORTH AND LIABILITIES (A + B + C)</b>						

## PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) CONTINUING OPERATIONS</b>					
<b>1. Turnover</b>	<b>20</b>	<b>6,804,440</b>	<b>528,160,658</b>	7,566,133	610,284,265
a) Sales		2,451,199	190,262,056	3,741,053	301,753,300
b) Services rendered		4,353,241	337,898,603	3,825,080	308,530,965
<b>2. Variation in inventories of products finished and being manufactured</b>	<b>10</b>	<b>165,220</b>	<b>12,824,396</b>	(182,513)	(14,721,514)
<b>4. Supplies</b>	<b>13</b>	<b>(277,712)</b>	<b>(21,555,989)</b>	(199,351)	(16,079,639)
a) Consumption of merchandise		(277,712)	(21,555,989)	(199,351)	(16,079,639)
<b>5. Other operations income</b>		<b>1,989</b>	<b>154,422</b>	3,378	272,494
a) Accessory income and other current operations		1,989	154,422	3,378	272,494
<b>6. Personnel expenses</b>		<b>(1,870,654)</b>	<b>(145,200,152)</b>	(2,406,738)	(194,127,471)
a) Wages, salaries and similar		(1,474,599)	(114,458,341)	(1,918,953)	(154,782,782)
b) Social Security contributions	<b>13</b>	(396,055)	(30,741,811)	(487,784)	(39,344,689)
<b>7. Other operating expenses</b>		<b>(4,165,162)</b>	<b>(323,299,885)</b>	(4,604,667)	(371,412,409)
a) Outsourced services	<b>13</b>	(4,173,614)	(323,955,909)	(4,416,214)	(356,211,854)
b) Taxes		(13,560)	(1,052,554)	(25,933)	(2,091,767)
c) Losses, impairment and variation of supplies from trade operations	<b>13</b>	29,336	2,277,078	(133,279)	(10,750,290)
d) Other current operating expenses		(7,324)	(568,499)	(29,240)	(2,358,498)
<b>8. Depreciation of fixed assets</b>	<b>5-6</b>	<b>(679,536)</b>	<b>(52,745,564)</b>	(691,398)	(55,768,174)
<b>10. Allocation of subsidies for non-financial fixed assets and others</b>	<b>16</b>	<b>77,807</b>	<b>6,039,345</b>	91,633	7,391,153
<b>13. Other incomes and expenses</b>	<b>13</b>	<b>(151,829)</b>	<b>(11,784,963)</b>	(318,062)	(25,654,841)
<b>A.1.) Operating Income (LOSS)</b>		<b>(95,436)</b>	<b>(7,407,731)</b>	(741,584)	(59,816,135)
<b>14. Financial Incomes</b>	<b>7</b>	<b>145,936</b>	<b>11,327,577</b>	156,031	12,585,456
b) Trade securities and other equity instruments		145,936	11,327,577	156,031	12,585,456
<i>b 2) Third Parties</i>		145,936	11,327,577	156,031	12,585,456
<b>15. Financial expenses</b>	<b>8</b>	<b>(288,480)</b>	<b>(22,391,797)</b>	(317,961)	(25,646,725)
a) For debts with group and associated Companies	<b>18</b>	(282,445)	(21,923,400)	(309,904)	(24,996,862)
b) Debts with Third Parties		(6,034)	(468,397)	(8,057)	(649,862)
<b>17. Exchange differences</b>		<b>(19,893)</b>	<b>(1,544,095)</b>	(38,785)	(3,128,429)
<b>A.2) FINANCIAL PROFIT &amp; LOSS (LOSS)</b>		<b>(162,436)</b>	<b>(12,608,315)</b>	(200,715)	(16,189,698)
<b>A.3) PROFIT BEFORE TAXES (LOSS)</b>		<b>(257,872)</b>	<b>(20,016,046)</b>	(942,299)	(76,005,833)
<b>19. Corporate Income Tax</b>	<b>12</b>	<b>59,946</b>	<b>4,652,977</b>	65,998	5,323,362
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (LOSS)</b>		<b>(197,927)</b>	<b>(15,363,069)</b>	(876,301)	(70,682,470)



**STATEMENT OF CHANGES IN NET EQUITY AT 31<sup>ST</sup> MARCH 2019**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) STATEMENT OF RECOGNISED PROFIT AND LOSS</b>					
<b>A) PROFIT AND LOSS ACCOUNTS</b>	<b>3</b>	<b>(197,927)</b>	<b>(15,363,069)</b>	<b>(876,301)</b>	<b>(70,682,470)</b>
<b>B) INCOME AND EXPENSES CHANGED DIRECTLY TO EQUITY</b>	<b>16</b>	<b>(52,486)</b>	<b>(4,074,001)</b>	<b>0</b>	<b>0</b>
III. Grants, donations and legacies received		<b>(69,982)</b>	<b>(5,432,001)</b>	<b>0</b>	<b>0</b>
IX. Tax effect		<b>17,495</b>	<b>1,358,000</b>	<b>0</b>	<b>0</b>
<b>C) TRANSFERS TO PROFIT &amp; LOSS ACCOUNT</b>	<b>16</b>	<b>(58,355)</b>	<b>(4,529,509)</b>	<b>(68,725)</b>	<b>(5,543,365)</b>
VIII. Grants, donations and legacies received		<b>(77,807)</b>	<b>(6,039,345)</b>	<b>(91,633)</b>	<b>(7,391,153)</b>
IX. Tax effect		<b>19,452</b>	<b>1,509,836</b>	<b>22,908</b>	<b>1,847,788</b>
<b>TOTAL RECOGNISED PROFIT &amp; LOSS (A+B+C)</b>		<b>(308,768)</b>	<b>(23,966,579)</b>	<b>(945,026)</b>	<b>(76,225,835)</b>

STATEMENT OF CHANGES IN NET EQUITY AT 31<sup>ST</sup> MARCH 2019 (euros)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
<b>B) TOTAL STATEMENT OF CHANGES TO EQUITY</b>						
<b>A. BALANCE AT YEAR'S END 2016/17</b>	3,100	5,396,060	(2,032,173)	(2,053,783)	417,849	1,731,053
<b>B. ADJUSTED BALANCE Year's beginning 2017/18</b>	3,100	5,396,060	(2,032,173)	(2,053,783)	417,849	1,731,053
I. Total recognised incomes and expenses	0	0	0	(876,301)	(68,725)	(945,026)
III. Other changes to Equity	0	0	(2,053,783)	2,053,783	0	(0)
<b>C. BALANCE AT YEAR'S END 2017/18</b>	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027
<b>D. ADJUSTED BALANCE, BEGINNING OF YEAR 2018/19</b>	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027
I. Total recognised incomes and expenses	0	0	0	(197,927)	(110,841)	(308,768)
III. Other changes to Equity	0	0	(876,301)	876,301	0	0
<b>E. BALANCE AT YEAR'S END 2018/19</b>	3,100	5,396,060	(4,962,258)	(197,927)	238,283	477,259

STATEMENT OF CHANGES IN NET EQUITY AT 31<sup>ST</sup> MARCH 2019 (Rupees)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
<b>B) TOTAL STATEMENT OF CHANGES TO EQUITY</b>						
<b>C. BALANCE AT YEAR'S END 2016/17</b>	214,706	373,731,144	(140,748,311)	(142,245,034)	28,940,236	119,892,741
<b>D. ADJUSTED BALANCE, BEGINNING OF YEAR 2017/18</b>	214,706	373,731,144	(140,748,311)	(142,245,034)	28,940,236	119,892,741
I. Total recognised incomes and expenses	0	0	0	(70,682,470)	(5,543,365)	(76,225,835)
III. Other changes to Equity	0	0	(165,658,164)	165,658,164	0	0
IV. Exchange rate	35,340	61,515,089	(23,166,775)	(23,413,130)	4,763,481	19,734,005
<b>E. BALANCE AT YEAR'S END 2017/18</b>	250,046	435,246,233	(329,573,250)	(70,682,470)	28,160,352	63,400,910
<b>D. ADJUSTED BALANCE, BEGINNING OF YEAR 2018/19</b>	250,046	435,246,233	(329,573,250)	(70,682,470)	28,160,352	63,400,910
I. Total recognised incomes and expenses	0	0	0	(15,363,069)	(8,603,510)	(23,966,579)
III. Other changes to Equity	0	0	(68,018,514)	68,018,514	0	0
IV. Exchange rate	(9,424)	(16,404,024)	12,421,307	2,663,956	(1,061,337)	(2,389,521)
<b>E. BALANCE AT YEAR'S END 2018/19</b>	240,622	418,842,209	(385,170,457)	(15,363,069)	18,495,505	37,044,810

**CASH FLOW STATEMENT AT 31<sup>ST</sup> MARCH 2019**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>1. PROFIT &amp; LOSS BEFORE TAX</b>		(257,872)	(20,016,046)	(942,299)	(76,005,833)
<b>2. ADJUSTMENTS TO PROFIT &amp; LOSS</b>		414,546	32,177,068	1,070,681	86,361,159
a) Depreciation of Fixed Assets	5-6	679,536	52,745,564	691,398	55,768,174
b) Value corrections of impairment losses	13	(29,336)	(2,277,078)	133,279	10,750,290
c) Change to provisions	14	(300,390)	(23,316,293)	175,708	14,172,580
d) Allocation of grants	16	(77,807)	(6,039,345)	(91,633)	(7,391,153)
g) Financial Income	7	(145,936)	(11,327,577)	(156,031)	(12,585,456)
h) Financial Expenses	8	288,480	22,391,797	317,961	25,646,725
<b>3. CHANGES IN WORKING CAPITAL</b>		438,168	34,010,574	414,522	33,435,344
a) Inventories		(180,006)	(13,972,035)	184,969	14,919,628
b) Trade and other accounts receivable		1,069,058	82,980,287	197,910	15,963,438
c) Other current assets		(205,395)	(15,942,751)	74,206	5,985,474
d) Creditors and other accounts payable		(245,490)	(19,054,927)	(42,564)	(3,433,196)
<b>4. OTHER CASH FLOW FROM OPERATING ACTIVITIES</b>		(142,543)	(11,064,219)	(161,930)	(13,061,269)
a) Interest payments	8	(288,480)	(22,391,797)	(317,961)	(25,646,725)
c) Interest receivable	7	145,936	11,327,577	156,031	12,585,456
<b>5. CASH FLOW FROM OPERATING ACTIVITIES</b>		452,298	35,107,375	380,974	30,729,402
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
<b>6. PAYMENTS FOR INVESTMENTS</b>		(1,132,726)	(87,922,173)	(102,063)	(8,232,382)
a) Group and Associated Companies		(615,757)	(47,795,047)	(39,894)	(3,217,819)
b) Intangible Assets	5	(7,640)	(593,017)	0	0
c) Fixed Assets	6	(74,275)	(5,765,215)	(62,169)	(5,014,563)
d) Other financial assets		(435,054)	(33,768,894)		
<b>8. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		(1,132,726)	(87,922,173)	(75,281)	(6,072,189)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>9. CHARGES AND PAYMENTS FOR EQUITY INSTRUMENTS</b>		(69,982)	(5,432,001)	0	0
e) Grants, donations and legacies received		(69,982)	(5,432,001)	0	0
<b>10. RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS</b>		122,456	9,505,067	(192,238)	(15,505,882)
a) Issue		1,072,456	83,244,067	356,466	28,752,517
3. Debts to Group and associated Companies		1,071,532	83,172,332	355,447	28,670,384
4. Other debts		924	71,736	1,018	82,133
b) Repayment and amortization		(950,000)	(73,739,000)	(548,703)	(44,258,398)
2. Debts with credit institutions		0	0	(48,703)	(3,928,398)
3. Debts to Group and Associated Companies		(950,000)	(73,739,000)	(500,000)	(40,330,000)
<b>12. CASH FLOW FROM FINANCING ACTIVITIES</b>		52,474	4,073,066	(192,238)	(15,505,882)
<b>E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS</b>		(627,953)	(48,741,731)	113,456	9,151,331
Cash or cash equivalents at the beginning of the year	7	756,799	58,742,775	643,344	51,892,115
Cash or cash equivalents at the end of the year	7	128,846	10,001,043	756,799	61,043,445

## ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON 31<sup>ST</sup> MARCH 2019.

### 1. THE COMPANY'S BUSINESS ACTIVITY

- 1.1. HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. was founded as a limited corporation on December 9<sup>th</sup>, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1524.
- 1.2. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July the 22<sup>nd</sup>, 2011 a social agreement changes the financial year that in the corporate statutes was from October the 1<sup>st</sup> till September the 30<sup>th</sup>. However, on February the 1<sup>st</sup>, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April the 1<sup>st</sup> till March the 31<sup>st</sup>.
- 1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the sale of rotational enjoyment rights of holiday units in the five resorts called Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogán, in Gran Canaria.
- 1.4. The Corporate offices are located at Avenida Anna Lindh, número 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria).
- 1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. Furthermore the mentioned company belongs to a group which parent company is Mahindra & Mahindra limited, located in India.
- 1.6. On April 6<sup>th</sup>, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned the unsold weeks, which were recorded in the inventory for the amount of 3,730,000 Euros (289,522,600 Rupees); the rights to client's' loans recorded as financial assets for the amount of 2,251,656 Euros (174,773,539 Rupees), and the Goodwill corresponding to the main business of "Timeshare" for the amount of 1,967,742 Euros (152,736.134 Rupees). The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the above mentioned related Company. On June 1<sup>st</sup>, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above, which caused amongst other things, goodwill to be adjusted to 1,807,995 Euros (140,336,572 Rupees).

### 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS.

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

These annual accounts are presented for approval to the Ordinary General Meeting of Members.

### 2.1. True and Fair View.

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

### 2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets, estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

### 2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2019 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2017/18.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

### 3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31<sup>st</sup>, 2019 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31<sup>st</sup>, 2018, is as follows:

<u>Euros</u>	<u>2018/19</u>	<u>2017/18</u>
<b><u>Distribution Balance</u></b>		
Financial Period Losses	<b>(197,927)</b>	(876,301)
<b><u>Distribution</u></b>		
Losses accumulated from previous Financial Periods	<b>(197,927)</b>	(876,301)
<b>Total</b>	<b>(197,927)</b>	(876,301)
<b><u>Rupees</u></b>	<b><u>2018/19</u></b>	<b><u>2017/18</u></b>
<b><u>Distribution Balance</u></b>		
Financial Period Losses	<b>(15,363,069)</b>	(70,682,470)
<b><u>Distribution</u></b>		
Losses accumulated from previous Financial Periods	<b>(15,363,069)</b>	(70,682,470)
<b>Total</b>	<b>(15,363,069)</b>	(70,682,470)

### 4. RECOGNITION AND MEASUREMENT REGULATIONS.

The main accounting principles and practices applied in the drafting of the Annual Accounts follow current legislation, highlighting as most important the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance.

The most significant accounting criteria applied in the drafting of the Annual Accounts is the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill and Computer applications which are valued at their acquisition price, including necessary additional expenses to get them up and running. The computer applications are amortised at 33 per cent according to their useful lives and the Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value.

4.2. Tangible Fixed Assets.

These have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during its operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27th, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	11 %
Machinery	10 – 25%
Other installations	10 – 12%
Furniture	10 – 25 %
IT Equipment	25 %
Vehicles	11 – 16 %
Other intangible assets	10 – 33 %

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Financial Instruments.

The Company's financial instruments are classified as:

- a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face value, because they do not have any contractual interest rate and the effect of not up-dating the cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, equal to the value of the compensation delivered plus directly attributable transaction costs. Interests accrued are accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

- b) Investments held until their maturity: The financial assets that the Company means to hold until their maturity has been included in this category. Their initial valuation is their reasonable value, which saving evidence to the contrary, shall be the price of the transaction plus those transaction costs directly attributable to them. Their subsequent valuation shall be measured at amortised cost. Interest shall be applied to the Profit and Loss Account at an effective interest rate. No corrections have been applied to their values.
- c) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear

any contractual interest, the amount of which is expected to be paid off short term, which are valued at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the effective interest rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations relating to governing, recording and measurement of financial instruments.

4.4. Inventories.

The Company's commercial stocks correspond to rotational enjoyment rights of rooms in the possession of the Company and are valued at acquisition price.

The Company's Administrators consider that the book value of the inventories does not exceed their recoverable value.

4.5. Transactions in Foreign Currency.

The accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, differences both positive and negative that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an income during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income has also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation.

4.7. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status is had.

4.8. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Grants, Donations and Legacies.

Capital grants, which are non-refundable, are recorded directly in Equity as revenue, excluding the tax effect and are attributed to the Financial Period's results in proportion to the allocation of depreciation in the period for the assets pertaining to the grant.

4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS.

5.1. The transactions that occurred during the 2018/19 and 2017/18 periods were the following:

<u>Euros</u>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
<u>Gross Costs.</u>				
Goodwill	1,807,995	-	-	1,807,995
IT Applications	21,587	7,640	-	29,227
<b>Totals.</b>	<b>1,829,582</b>	<b>7,640</b>	<b>-</b>	<b>1,837,222</b>
<u>Accumulated amortization.</u>				
Goodwill	361,599	180,799	-	542,398
IT Applications	15,924	3,946	-	19,870
<b>Totals.</b>	<b>377,523</b>	<b>184,745</b>	<b>-</b>	<b>562,269</b>
<b>Net Totals.</b>	<b>1,452,060</b>			<b>1,274,953</b>

<u>Euros</u>	Balance 31.3.17	Acquisitions	Disposals	Balance 31.03.18
<u>Gross Costs.</u>				
Goodwill	1,807,995	-	-	1,807,995
IT Applications	21,587	-	-	21,587
<b>Totals.</b>	<b>1,829,582</b>	<b>-</b>	<b>-</b>	<b>1,829,582</b>

<u>Accumulated amortization.</u>				
Goodwill	180,799	180,799	-	361,599
IT Applications	12,682	3,243	-	15,924
<b>Totals.</b>	<b>193,481</b>	<b>184,042</b>	<b>-</b>	<b>377,523</b>
<b>Net Totals.</b>	<b>1,636,101</b>			<b>1,452,059</b>

<u>Rupees</u>	Balance 31.3.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
<u>Gross Costs.</u>					
Goodwill	145,832,841	(5,496,303)	-	-	140,336,538
IT Applications	1,741,206	(65,624)	593,017	-	2,268,598
<b>Totals.</b>	<b>147,574,047</b>	<b>(5,561,928)</b>	<b>593,017</b>	<b>-</b>	<b>142,605,136</b>

<u>Rupees</u>	Balance 31.3.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
<u>Accumulated amortization.</u>					
Goodwill	29,166,541	(1,099,260)	14,033,653	-	42,100,934
IT Applications	1,284,461	(48,410)	306,278	-	1,542,329
<b>Totals.</b>	<b>30,451,003</b>	<b>(1,147,670)</b>	<b>14,339,930</b>	<b>-</b>	<b>43,643,262</b>
<b>Net Totals.</b>	<b>117,123,045</b>				<b>98,961,874</b>

<u>Rupees</u>	Balance 31.3.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
<u>Gross Costs.</u>					
Goodwill	125,221,703	20,611,138	-	-	145,832,841
IT Applications	1,495,114	246,092	-	-	1,741,206
<b>Totals.</b>	<b>126,716,817</b>	<b>20,857,230</b>	<b>-</b>	<b>-</b>	<b>147,574,047</b>

<u>Accumulated amortization.</u>					
Goodwill	12,522,169	2,061,114	14,583,259	-	29,166,541
IT Applications	878,316	144,593	261,552	-	1,284,461
<b>Totals.</b>	<b>13,400,485</b>	<b>2,205,706</b>	<b>14,844,811</b>	<b>-</b>	<b>30,451,003</b>
<b>Net Totals.</b>	<b>113,316,333</b>				<b>117,123,045</b>

5.2. As indicated in Note 1.6, The Company acquired the Goodwill corresponding to the main "Timeshare" business in 2011 for the amount of 1,967,742 Euros (152,736,134 Rupees). Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros (12,399,562 Rupees).

5.3. There is no evidence of impairment through March 31, on any of the elements in the Intangible Fixed Assets.

5.4. There are fully depreciated software applications in use at March 31, 2018 and March 31, 2019 for the amount of 10,701 Euros (830,612 Rupees) and 14,517 Euros (1,126,810 Rupees) respectively.

6. TANGIBLE FIXED ASSETS.

6.1. The transactions occurring during the 2018/19 and 2017/18 periods were the following:

<u>Euros</u>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
<u>Gross Costs.</u>				
Buildings	1,125,496	-	-	1,125,496
Machinery	63,423	609	-	64,032
Other facilities	2,888,602	2,831	-	2,891,433
Furniture	250,065	-	-	250,065
IT Equipment	83,300	-	-	83,300
Vehicles	27,994	-	-	27,994
Other tangible fixed assets	179,653	34,451	-	214,104
Advances and fixed assets in progress	-	36,385	-	36,385
<b>Totals</b>	<b>4,618,533</b>	<b>74,276</b>	<b>-</b>	<b>4,692,809</b>

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<b>Euros</b>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
<b>Accumulated amortization.</b>				
Buildings	550,624	132,358	37,236	<b>720,218</b>
Machinery	35,573	7,121	(5,803)	<b>36,891</b>
Other installations	1,358,916	305,110	(11,876)	<b>1,652,150</b>
Furniture	245,903	13,138	(20,321)	<b>238,720</b>
IT Equipment	74,986	4,335	(740)	<b>78,581</b>
Vehicles	16,050	4,131	-	<b>20,181</b>
Other tangible fixed assets	46,478	28,597	1,504	<b>76,579</b>
<b>Totals</b>	<b>2,328,530</b>	<b>494,791</b>	<b>-</b>	<b>2,823,320</b>
<b>Net Totals.</b>	<b>2,290,004</b>			<b>1,869,489</b>

<b>Euros</b>	Balance 31.3.17	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs.</b>				
Buildings	1,152,278	-	(26,781)	1,125,496
Machinery	59,352	4,072	-	63,423
Other facilities	2,880,703	7,899	-	2,888,602
Furniture	248,779	1,287	-	250,065
IT Equipment	78,997	4,303	-	83,300
Vehicles	27,994	-	-	27,994
Other tangible fixed assets	135,044	44,609	-	179,653
<b>Totals</b>	<b>4,583,146</b>	<b>62,169</b>	<b>(26,781)</b>	<b>4,618,534</b>

<b>Accumulated amortization.</b>				
Buildings	415,217	135,407	-	550,624
Machinery	26,418	9,155	-	35,573
Other installations	1,044,894	314,022	-	1,358,916
Furniture	230,749	15,154	-	245,903
IT Equipment	67,491	7,495	-	74,986
Vehicles	11,919	4,131	-	16,050
Other tangible fixed assets	24,486	21,991	-	46,478
<b>Totals</b>	<b>1,821,174</b>	<b>507,356</b>	<b>-</b>	<b>2,328,530</b>
<b>Net Totals.</b>	<b>2,761,973</b>			<b>2,290,004</b>

<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
<b>Gross Costs.</b>					
Buildings	90.782.512	(3.421.508)	-	-	<b>87.361.004</b>
Machinery	5.115.715	(192.806)	47.240	-	<b>4.970.148</b>
Other facilities	232.994.655	(8.781.351)	219.719	-	<b>224.433.023</b>
Furniture	20.170.278	(760.199)	-	-	<b>19.410.079</b>
IT Equipment	6.718.982	(253.232)	-	-	<b>6.465.750</b>
Vehicles	2.258.021	(85.103)	-	-	<b>2.172.918</b>
Other tangible fixed assets	14.490.784	(546.144)	2.674.088	-	<b>16.618.728</b>

<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
Advances and fixed assets in progress	-	-	2,824,168	-	<b>2,824,168</b>
<b>Totals</b>	<b>372,530,946</b>	<b>(14,040,343)</b>	<b>5,765,215</b>	<b>-</b>	<b>364,255,818</b>
<b>Accumulated amortization.</b>					
Buildings	44,413,303	(1,673,896)	10,273,653	2,890,246	<b>55,903,306</b>
Machinery	2,869,327	(108,142)	552,734	(450,451)	<b>2,863,468</b>
Other installations	109,610,175	(4,131,105)	23,682,604	(921,792)	<b>128,239,882</b>
Furniture	19,834,530	(747,545)	1,019,771	(1,577,283)	<b>18,529,472</b>
IT Equipment	6,048,401	(227,959)	336,462	(57,457)	<b>6,099,446</b>
Vehicles	1,294,589	(48,792)	320,676	-	<b>1,566,473</b>
Other tangible fixed assets	3,748,877	(141,292)	2,219,735	116,737	<b>5,944,057</b>
<b>Totals</b>	<b>187,819,201</b>	<b>(7,078,730)</b>	<b>38,405,634</b>	<b>-</b>	<b>219,146,105</b>
<b>Net Totals.</b>	<b>184,711,745</b>				<b>145,109,713</b>

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs.</b>					
Buildings	79,806,742	13,135,964	-	(2,160,193)	90,782,512
Machinery	4,110,688	676,608	328,419	-	5,115,715
Other facilities	199,517,516	32,840,019	637,120	-	232,994,655
Furniture	17,230,422	2,836,079	103,777	-	20,170,278
IT Equipment	5,471,323	900,564	347,095	-	6,718,982
Vehicles	1,938,886	319,135	-	-	2,258,021
Other tangible fixed assets	9,353,134	1,539,499	3,598,151	-	14,490,784
<b>Totals</b>	<b>317,428,708</b>	<b>52,247,867</b>	<b>5,014,563</b>	<b>(2,160,193)</b>	<b>372,530,946</b>

<b>Accumulated amortization.</b>					
Buildings	28,757,902	4,733,469	10,921,932	-	44,413,303
Machinery	1,829,697	301,163	738,467	-	2,869,327
Other installations	72,369,381	11,911,795	25,328,998	-	109,610,175
Furniture	15,981,661	2,630,536	1,222,332	-	19,834,530
IT Equipment	4,674,429	769,398	604,573	-	6,048,401
Vehicles	825,482	135,872	333,235	-	1,294,589
Other tangible fixed assets	1,695,931	279,145	1,773,801	-	3,748,877
<b>Totals</b>	<b>126,134,483</b>	<b>20,761,379</b>	<b>40,923,339</b>	<b>-</b>	<b>187,819,201</b>
<b>Net Totals.</b>	<b>191,294,225</b>				<b>184,711,745</b>

6.2. The acquisition in the period 2018/19 and 2017/18 correspond, mainly, to investments in the Angry Birds Park.

6.3. There are no signs of impairment through March 31<sup>st</sup>, for the elements in the Tangible Fixed Assets.

6.4. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

6.5. There are fully depreciated elements in use at March 31, 2019 for the amount of 317,904 Euros (24,675,708 Rupees). At March 31, 2018 amounted 206,836 Euros (16,054,610 Rupees)

## 7. FINANCIAL ASSETS.

### Information related to the Balance Sheet.

7.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, Jointly-controlled group and associated companies) by categories and classes is as follows:

<b>Euros</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
<b><u>Long-term Financial Assets</u></b>						
Investments held to maturity	-	-	-	-	<b>218,833</b>	16,658
Loans and Receivables	-	-	-	-	<b>575,891</b>	705,624
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>794,724</b>	722,282
<b><u>Short-term Financial Assets</u></b>						
Loans and Receivables	-	-	-	-	<b>2,709,067</b>	2,695,220
Liquid Assets	-	-	-	-	<b>128,846</b>	756,799
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,837,914</b>	3,452,019

<b>Rupees</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
<b><u>Long-term Financial Assets</u></b>						
Investments held to maturity	-	-	-	-	<b>16,985,833</b>	1,343,634
Loans and Receivables	-	-	-	-	<b>44,700,660</b>	56,915,621
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,686,493</b>	58,259,256
<b><u>Short-term Financial Assets</u></b>						
Loans and Receivables	-	-	-	-	<b>210,277,805</b>	217,396,417
Liquid Assets	-	-	-	-	<b>10,001,043</b>	61,043,445
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220,278,847</b>	278,439,862

7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

<b>Euros</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Next</b>	<b>Total I/t</b>
<b>Financial Assets</b>							
<b>Financial Investments</b>	<b>241,089</b>	-	-	-	-	<b>218,833</b>	<b>218,833</b>
Other financial assets	241,089	-	-	-	-	218,833	218,833
<b>Investments in Group and Associated Companies</b>	<b>1,573,199</b>	-	-	-	-	-	-
Loans to companies	1,573,199	-	-	-	-	-	-
<b>Commercial Debts and other Receivables</b>	<b>894,780</b>	<b>334,033</b>	<b>173,036</b>	<b>54,564</b>	<b>14,258</b>	-	<b>575,891</b>
Customer receivables for sales and services	1,042,141	334,033	173,036	54,564	14,258	-	575,891
Clients' Impairment	(162,273)	-	-	-	-	-	-
Personnel	14,912	-	-	-	-	-	-
<b>Cash and other Liquid Assets</b>	<b>128,846</b>	-	-	-	-	-	-
Liquid Assets	128,846	-	-	-	-	-	-
<b>Totals</b>	<b>2,837,914</b>	<b>334,033</b>	<b>173,036</b>	<b>54,564</b>	<b>14,258</b>	<b>218,833</b>	<b>794,724</b>



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<b>Rupees</b>							
<b>Financial Assets</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Next</b>	<b>Total I/t</b>
<b>Financial Investments</b>	<b>18,713,303</b>	-	-	-	-	<b>16,985,833</b>	<b>16,985,833</b>
Other financial assets	18,713,303	-	-	-	-	16,985,833	16,985,833
<b>Investments in Group and Associated Companies</b>	<b>122,111,701</b>	-	-	-	-	-	-
Loans to companies	122,111,701	-	-	-	-	-	-
<b>Commercial Debts and other Receivables</b>	<b>69,452,800</b>	<b>25,927,660</b>	<b>13,431,066</b>	<b>4,235,246</b>	<b>1,106,689</b>	-	<b>44,700,660</b>
Customer receivables for sales and services	80,890,963	25,927,660	13,431,066	4,235,246	1,106,689	-	44,700,660
Clients' Impairment	(12,595,631)	-	-	-	-	-	-
Personnel	1,157,469	-	-	-	-	-	-
<b>Cash and other Liquid Assets.</b>	<b>10,001,043</b>	-	-	-	-	-	-
Liquid Assets	10,001,043	-	-	-	-	-	-
<b>Totals</b>	<b>220,278,847</b>	<b>25,927,660</b>	<b>13,431,066</b>	<b>4,235,246</b>	<b>1,106,689</b>	<b>16,985,833</b>	<b>61,686,493</b>

7.3. Corrections due to Impairment caused by Credit Risk.

Transactions in the corrective accounts representative of impairment losses due to credit risk to customers are as follows:

<b>Euros</b>	<b>Amount</b>
Balance at 31.03.17	224,202
Impairment Maturity (Note 13.1)	190,415
Impairment reversal (Note 13.1)	(212,322)
Balance at 31.03.18	202,295
Impairment Maturity (Note 13.1)	208,481
Impairment reversal (Note 13.1)	(248,502)
<b>Balance at 31.03.19</b>	<b>162,273</b>

<b>Rupees</b>	<b>Amount</b>
Balance at 31.03.17	15,528,260
Impairment Maturity (Note 13.1)	15,358,841
Impairment reversal (Note 13.1)	(17,125,925)
Exchange rate	2,555,908
Balance at 31.03.18	16,317,083
Impairment Maturity (Note 13.1)	16,182,278
Impairment reversal (Note 13.1)	(19,288,755)
Exchange rate	(614,976)
<b>Balance at 31.03.19</b>	<b>12,595,631</b>

7.4. Debt related to clients

There were customer advances for the amount of 106,183 Euros (8,241,924 Rupees) for the financial year 2017/18 that corresponded to accommodation services charges not accrued at the end of the financial year.

**Information relating to the Profit and Loss Account.**

7.5. Financial Income

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 145,936 Euros (11,405,172 Rupees) and 156,031 Euros (12,111,126 Rupees) 2018/19 and 2017/18 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

**Other Information**7.6. Reasonable Value

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9<sup>th</sup> Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are valued at their cost.

Equity Instruments traded on an active market according to what is provided for in the 9<sup>th</sup> Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are measured at their reasonable value.

7.7. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit granted to clients and debtors are granted based on a preliminary solvency study and strict follow-up of loans and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

7.8. Accrual adjustments

In January, every year, the company assumes the debt with the related company Holiday Club Canarias Resort Management SLU related to the yearly maintenance fees of the unsold weeks. At the end of the financial year there are, in the accrual adjustment balance, the proportional part of the not accrued months in March 31<sup>st</sup> 2019, for the amount of 1,545,189 Euros (119,937,570 Rupees), 1,347,197 Euros (Rupees) in March 31<sup>st</sup> 2018.

**8. FINANCIAL LIABILITIES.****Information related to the Balance Sheet.**8.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

<b>Euros</b>	<b>Debits with Credit Institutions</b>		<b>Bonds and Other Market Securities</b>		<b>Derivatives / Others</b>	
	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>	<b>31.03.19</b>	<b>31.03.18</b>
<b><u>Long-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>10,967,834</b>	12,417,834
<b>Totals</b>	-	-	-	-	<b>10,967,834</b>	12,417,834
<b><u>Short-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>3,650,816</b>	2,369,569
<b>Totals</b>	-	-	-	-	<b>3,650,816</b>	2,369,569
<b>Rupees</b>						
<b><u>Long-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>851,323,282</b>	961,292,498
<b>Totals</b>	-	-	-	-	<b>851,323,282</b>	961,292,498
<b><u>Short-Term financial Liabilities</u></b>						
Debits and Payables	-	-	-	-	<b>283,376,327</b>	213,706,175
<b>Totals</b>	-	-	-	-	<b>283,376,327</b>	213,706,175

8.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

<b>Euros</b>							
<b>Financial Liabilities</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Next</b>	<b>Total I/t</b>
<b>Debts</b>	<b>5,502</b>	-	-	-	-	-	-
Other financial liabilities	5,502	-	-	-	-	-	-
<b>Debts with Group and Associated Companies</b>	<b>3,552,564</b>	-	-	-	-	10,967,834	10,967,834
<b>Trade Creditors and other Accounts Payable</b>	<b>92,749</b>	-	-	-	-	-	-
Suppliers	207	-	-	-	-	-	-
Sundry Creditors	89,952	-	-	-	-	-	-
Personnel (wages pending payment)	2,590	-	-	-	-	-	-
<b>Totals</b>	<b>3,650,816</b>	-	-	-	-	<b>10,967,834</b>	<b>10,967,834</b>

<b>Rupees</b>							
<b>Financial Liabilities</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Next</b>	<b>Total I/t</b>
<b>Debts</b>	<b>427,082</b>	-	-	-	-	-	-
Other financial liabilities	427,082	-	-	-	-	-	-
<b>Debts with Group and Associated Companies</b>	<b>275,750,043</b>	-	-	-	-	851,323,282	851,323,282
<b>Trade Creditors and other Accounts Payable</b>	<b>7,199,201</b>	-	-	-	-	-	-
Suppliers	16,045	-	-	-	-	-	-
Sundry Creditors	6,982,106	-	-	-	-	-	-
Personnel (wages pending payment)	201,051	-	-	-	-	-	-
<b>Totals</b>	<b>283,376,327</b>	-	-	-	-	<b>851,323,282</b>	<b>851,323,282</b>

**Information relating to the Profit and Loss Account and Equity**

8.3. Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2018/19 and 2017/18 financial years for the amounts of 282,445 Euros (21,923,381 Rupees) and 309,904 Euros (24,054,748 Rupees), respectively, correspond to the accrual of interest on loans granted by group companies. The heading of debts to third parties includes interest accrued with credit institutions and the amount for the 2018/19 financial period was 6,034 Euros (468,359 Rupees) and for the financial period 2017/18 8,057 Euros (625,384 Rupees).

**Other Information**

8.4. Reasonable Value

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

8.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9. **SHAREHOLDERS' EQUITY**

9.1. The share capital, for an amount of 3,100 Euros (240,622 Rupees), comprises 31 shares of 100 Euros (7,762 Rupees) face value each.

9.2. As per the Revised Text of the Law of Share Capital Companies, a figure equal to 10% of the period's profit must be kept in a reserve fund until this reaches at least 20% of the share capital. During the 2011/12 financial period, 3,100 Euros (240,622 Rupees) were allocated to these reserves.

9.3 The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros (240,146,267 Rupees), is subject to the availability limitations established in the tax regulations.

9.4 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

9.5 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

<b>Euros</b>	<b>2018/19</b>	2017/18
Voluntary Reserves	<b>1,892,290</b>	1,892,290
Canary Islands Investment Reserves	<b>3,093,871</b>	3,093,871
Goodwill Reserves	<b>406,799</b>	406,799
<b>Totals.</b>	<b>5,392,960</b>	5,392,960

<b>Rupees</b>	<b>2018/19</b>	2017/18
Voluntary Reserves	<b>146,879,574</b>	152,632,134
Canary Islands Investment Reserves	<b>240,146,296</b>	249,551,665
Goodwill Reserves	<b>31,575,717</b>	32,812,388
<b>Totals.</b>	<b>418,601,587</b>	434,996,187

10. **INVENTORIES.**

10.1. Inventories show the following break-down:

<b>Euros</b>	<b>2018/2019</b>	2017/2018
Merchandise in Stock, Angry Birds Theme Park.	<b>47,146</b>	34,077
Unsold Weeks in Stock	<b>7,237,777</b>	7,072,557
<b>Totals</b>	<b>7,284,923</b>	7,106,634

<b>Rupees</b>	<b>2018/2019</b>	<b>2017/2018</b>
Merchandise in Stock, Angry Birds Theme Park.	<b>3,659,492</b>	2,748,681
Unsold Weeks in Stock	<b>561,796,245</b>	570,472,421
<b>Totals.</b>	<b>565,455,736</b>	573,221,102

10.2. The transactions of unsold weeks in stock during the 2018/19 and 2017/18 financial periods, have been as follows:

<b>Euros</b>	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
Unsold weeks in stock	7,255,069	254,482	(436,995)	7,072,557
	<b>Balance 31.03.18</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance 31.03.19</b>
Unsold weeks in stock	7,072,557	429,464	(264,244)	7,237,777

<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Unsold weeks in stock	502,486,139	82,707,791	20,526,484	(35,247,993)	570,472,421
	<b>Balance 31.03.18</b>	<b>Exchange rate</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance 31.03.19</b>
Unsold weeks in stock	570,472,421	(21,500,572)	33,335,030	(20,510,634)	561,796,245

Acquisitions of inventory during the 2018/19 and 2017/18 financial period owes to the weeks sold in previous financial periods and recovered in 2018/2019 and 2017/18, due to defaulting on payment of clients of their debts to the Company or the related Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., for amounts of 345,942 Euros (26,852,018 Rupees) and 227,233 Euros (17,637,825 Rupees), respectively and to a lesser extent for weeks purchased during the 2018/19 and 2017/18 for the amount of 83,522 Euros (6,482,978 Rupees) and 27,249 Euros (2,115,067 Rupees), respectively. (See Note 13.1)

There are not commitments for sales or purchases or a future contract about the inventories or restraints on disposal.

10.3 There are suppliers' advances for the amount of 11,230 Euros (871,673 Rupees) and 9,513 Euros (738,399 Rupees) for the financial periods 2018/19 and 2017/18, respectively.

10.4. There are no signs of impairment to the inventories at the end of the financial periods 2018/19 and 2017/18.

## 11. FOREIGN CURRENCY.

11.1. Assets in foreign currency mostly correspond to commercial loans for the sale of weeks in stock. The most significant balances in the diverse foreign currencies are detailed below:

<b>Foreign currency</b>	<b>Balance at 31.03.19</b>	<b>Exchange Rate at 31.03.19</b>	<b>Euros at 31.03.19</b>	<b>Rupees at 31.03.19</b>
- Pounds Sterling	67,466	0,8566 libra/euro	78,762	5,236,689
	<b>Balance at 31.03.18</b>	<b>Exchange Rate at 31.03.18</b>	<b>Euros at 31.03.18</b>	<b>Rupees at 31.03.18</b>
- Pounds Sterling	226,711	0,8749 libra/euro	259,127	20,901,220

Transactions carried out in foreign currency during the 2018/19 and 2017/18 financial periods, correspond entirely to sales, reaching 328,938 Euros (25,532,168 Rupees) and 382,526 (29,691,668 Rupees) respectively.

## 12. TAX POSITION.

### Profit Tax.

#### 12.1. Tax Consolidation Regime.

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27<sup>th</sup> November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U. and Holiday Club Canarias Resort Management, S.L.U.

#### 12.2. Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax is the following:

<b>Euros</b>	<b>Profit &amp; Loss Account</b>	<b>Inc. &amp; expend. directly attributable to Equity</b>
<b>Balance of income and expenditure for the financial year</b>	<b>(197,927)</b>	-
<b>Corporate income tax</b>	<b>(59,946)</b>	-
Profit Tax	(69,070)	-
Current Tax	9,124	-
<b>Deferred Tax</b>		
Goodwill Deduction	90,400	-
Non-deductible Expenses	1,893	-
<b>Temporary Differences</b>		
70% Limit Amortization	(30,413)	-
Provisions	(80,286)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>(276,278)</b>	-

<b>Rupees</b>	<b>Profit &amp; Loss Account</b>	<b>Inc. &amp; expend. directly attributable to Equity</b>
<b>Balance of income and expenditure for the financial year</b>	<b>(15,363,069)</b>	-
<b>Corporate income tax</b>	<b>(4,652,977)</b>	-
Profit Tax	(5,361,183)	-
Current Tax	708,206	-
<b>Deferred Tax</b>		
Goodwill Deduction	7,016,826	-
Non-deductible Expenses	146,973	-
<b>Temporary Differences</b>		
70% Limit Amortization	(2,360,657)	-
Provisions	(6,231,799)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>(21,444,704)</b>	-

#### 12.3. Corporate Tax Settlement.

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

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In consequence, the Individual Tax Base of Holiday Club Canarias Sales & Marketing, S.L.U., for a negative amount of 276,278 Euros (21,444,698 Rupees), are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	-	(569,673)
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	-	(569,673)
<b>Group Gross Tax payable</b>	-	-
<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Previous Group Tax Base</b>	-	(45,949,844)
<b>Negative Group Tax base from previous financial years</b>	-	-
<b>Group Tax Base</b>	-	(45,949,844)
<b>Corporate income tax payable (25% x taxable base)</b>	-	-
<b>Group Gross Tax payable</b>	-	-

### 12.4. Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods 2018/19 and 2017/18 is broken down as follows:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
<b>1. Current Tax</b>	<b>(69,070)</b>	<b>(75,122)</b>
<b>2. Deferred tax</b>	<b>9,124</b>	<b>9,124</b>
- deductible temporary differences that are applied in the period	<b>9,124</b>	<b>9,124</b>
<b>3. Total expenditure on income tax.</b>	<b>(59,946)</b>	<b>(65,998)</b>
<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
<b>1. Current Tax</b>	<b>(5,361,183)</b>	<b>(6,059,305)</b>
<b>2. Deferred tax</b>	<b>708,206</b>	<b>735,942</b>
- deductible temporary differences that are applied in the period	<b>708,206</b>	<b>735,942</b>
<b>3. Total expenditure on income tax.</b>	<b>(4,652,977)</b>	<b>(5,323,362)</b>

### 12.5. Deduction because of the investments.

Using the interest rate (25 percent) in the investments during the financial period 2017/18 the company obtained an amount which is subject to deduction for the amount of 8,847 Euros (686,704 Rupees). It means that in March 31<sup>st</sup> 2019 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

Furthermore, using the interest rate (25 percent) in the investments during the financial period 2018/19 the company has obtained an amount which is subject to deduction for the amount of 9,473 Euros (735,294 Rupees). It means that in March 31<sup>st</sup> 2019 this amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

### 12.6. Deferred Tax Asset.

Transactions during the 2018/19 and 2017/18 financial periods found in this heading have been the following:

<b>Euros</b>	<b>Balance 30.03.18</b>	<b>Acquisitions</b>	<b>Applications</b>	<b>Balance 31.03.19</b>
- Temporary differences, 70% limit fiscal amortisation	68,630	-	(9,124)	<b>59,506</b>
<b>Totals</b>	<b>68,630</b>	<b>-</b>	<b>(9,124)</b>	<b>59,506</b>

	<b>Balance 30.03.17</b>	<b>Acquisitions</b>	<b>Applications</b>	<b>Balance 31.03.18</b>
- Temporary differences, 70% limit fiscal amortisation	77,754	-	(9,124)	68,630
<b>Totals</b>	<b>77,754</b>	<b>-</b>	<b>(9,124)</b>	<b>68,630</b>

<b>Rupees</b>	<b>Balance 30.03.18</b>	<b>Exchange rate</b>	<b>Acquisitions</b>	<b>Applications</b>	<b>Balance 31.03.19</b>
- Temporary differences, 70% limit fiscal amortisation	5,535,692	(208,636)	-	(708,205)	<b>4,618,851</b>
<b>Totals</b>	<b>5,535,692</b>	<b>(208,636)</b>	<b>-</b>	<b>(708,205)</b>	<b>4,618,851</b>

<b>Rupees</b>	<b>Balance 30.03.17</b>	<b>Exchange rate</b>	<b>Acquisitions</b>	<b>Applications</b>	<b>Balance 31.03.18</b>
- Temporary differences, 70% limit fiscal amortisation	5,385,239	886,386	-	(735,934)	5,535,692
<b>Totals</b>	<b>5,385,239</b>	<b>886,386</b>	<b>-</b>	<b>(735,934)</b>	<b>5,535,692</b>

### 12.7. Deferred Tax Liabilities.

The amount of 79,427 Euros (6,165,124 Rupees), corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2019 (116,375 Euros (9,033,028 Rupees) at March 31<sup>st</sup> 2018). The tax base applied is 25%. (See Note 16.2)

### 12.8. The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable. At the end of the financial year 2018/19, the situation of the Canary Islands Investment Reserve is as follows:

<b>Euros Item</b>	<b>2011</b>	<b>2011/12</b>	<b>2012/13</b>
Provisions	776,358	1,081,563	2,465,000
<b>Investments carried out</b>			
Financial Period 2013/14	(776,358)	(1,081,563)	(799,103)
Financial Period 2014/15	-	-	(263,916)
Financial Period 2015/16	-	-	(13,857)
Financial Period 2016/17	-	-	(159,074)

<u>Rupees</u>				<u>Rupees</u>			
Item	2011	2011/12	2012/13	Item	2011	2011/12	2012/13
Provisions	53,770,555	74,909,053	170,725,900	Financial Period 2014/15	-	-	(18,278,822)
<u>Investments carried out</u>				Financial Period 2015/16	-	-	(959,736)
Financial Period 2013/14	(53,770,555)	(74,909,053)	(55,345,874)	Financial Period 2016/17	-	-	(11,017,465)

The Company, during the Financial Period 2013/14, carried out the following Investments, materialising the Reserve in the following assets and on the indicated dates on the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	1,084,195	633,330	633,330	633,330	-	-
					<b>633,330</b>	<b>633,330</b>	-	-
21301001	ANGRY BIRDS ASSETS	01.11.2013	55,851	23,226	32,625	32,625	-	-
21301001	Machinery	12.06.2014	3,500		3,500	3,500	-	-
					<b>36,125</b>	<b>36,125</b>	-	-
21508001	ANGRY BIRDS ASSETS	01.11.2013	2,833,292	1,178,231	1,655,060	106,902	1,081,563	466,595
21508001	Other Facilities	21.11.2013	7,710	-	7,710	-	-	7,710
21508001	Other Facilities	01.02.2014	1,102	-	1,102	-	-	1,102
21508001	Other Facilities	01.02.2014	2,590	-	2,590	-	-	2,590
21508001	Other Facilities	18.02.2014	755	-	755	-	-	755
21508001	Other Facilities	26.02.2014	746	-	746	-	-	746
21508001	Other Facilities	08.04.2014	1,609	-	1,609	-	-	1,609
21508001	Other Facilities	07.05.2014	110	-	110	-	-	110
21508001	Other Facilities	09.05.2014	298	-	298	-	-	298
21508001	Other Facilities	09.05.2014	943	-	943	-	-	943
21508001	Other Facilities	14.05.2014	893	-	893	-	-	893
21508001	Other Facilities	19.05.2014	1,609	-	1,609	-	-	1,609
21508001	Other Facilities	20.05.2014	1,390	-	1,390	-	-	1,390
21508001	Other Facilities	21.05.2014	396	-	396	-	-	396
21508001	Other Facilities	31.05.2014	1,476	-	1,476	-	-	1,476
21508001	Other Facilities	31.05.2014	604	-	604	-	-	604
21508001	Other Facilities	05.06.2014	1,811	-	1,811	-	-	1,811
21508001	Other Facilities	06.06.2014	26	-	26	-	-	26
21508001	Other Facilities	06.06.2014	15	-	15	-	-	15
21508001	Other Facilities	06.06.2014	76	-	76	-	-	76
21508001	Other Facilities	01.08.2014	269	-	269	-	-	269
21508001	Other Facilities	01.08.2014	1,616	-	1,616	-	-	1,616
21508001	Other Facilities	01.08.2014	3,493	-	3,493	-	-	3,493
21508001	Other Facilities	08.08.2014	2,001	-	2,001	-	-	2,001
21508001	Other Facilities	01.09.2014	2,319	-	2,319	-	-	2,319
					<b>1,688,918</b>	<b>106,902</b>	<b>1,081,563</b>	<b>500,453</b>
21601002	ANGRY BIRDS ASSETS	01.11.2013	83,856	34,871,61	48,984	-	-	48,984
21601002	Furniture	19.11.2013	783	-	783	-	-	783
21601002	Furniture	19.11.2013	175	-	175	-	-	175
21601002	Furniture	01.03.2014	600	-	600	-	-	600
21601002	Furniture	01.04.2014	690	-	690	-	-	690

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Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21601002	Furniture	15.04.2014	690	-	690	-	-	690
21601002	Furniture	31.05.2014	356	-	356	-	-	356
21601002	Furniture	01.06.2014	199	-	199	-	-	199
21601002	Furniture	01.06.2014	63	-	63	-	-	63
21601002	Furniture	01.06.2014	175	-	175	-	-	175
21601002	Furniture	01.06.2014	1,142	-	1,142	-	-	1,142
21601002	Furniture	29.06.2014	814	-	814	-	-	814
					<b>54,670</b>	-	-	<b>54,670</b>
21701001	IT Equipment	26.10.2013	1,347	-	1,347	-	-	1,346
21701001	IT Equipment	04.12.2013	768	-	768	-	-	768
21701001	IT Equipment	04.12.2013	749	-	749	-	-	749
21701001	IT Equipment	04.12.2013	14,176	-	14,176	-	-	14,176
21701002	IT Equipment	11.10.2013	1,224	-	1,224	-	-	1,224
					<b>18,264</b>	-	-	<b>18,264</b>
21801001	Vehicles	10.09.2014	19,509	-	19,509	-	-	19,509
21801001	Vehicles	12.09.2014	285	-	285	-	-	285
					<b>19,794</b>	-	-	<b>19,794</b>
21901008	Other Tangible Fixed Assets	01.12.2013	1,400	-	1,400	-	-	1,400
21901008	Other Tangible Fixed Assets	16.09.2014	64	-	64	-	-	64
21901008	Other Tangible Fixed Assets	16.09.2014	2,500	-	2,500	-	-	2,500
21901008	Other Tangible Fixed Assets	17.09.2014	64	-	64	-	-	64
					<b>4,029</b>	-	-	<b>4,029</b>
<b>Rupees</b>								
Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	81,282,099	47,480,750	47,480,750	47,480,750	-	-
					<b>47,480,750</b>	<b>47,480,750</b>	-	-
21301001	ANGRY BIRDS ASSETS	01.11.2013	4,187,149	1,741,253	2,445,896	2,445,896	-	-
21301001	Machinery	12.06.2014	262,395		262,395	262,395	-	-
					<b>2,708,291</b>	<b>2,708,291</b>	-	-
21508001	ANGRY BIRDS ASSETS	01.11.2013	212,411,901	88,331,978	124,079,848	8,014,443	81,084,778	34,980,627
21508001	Other Facilities	21.11.2013	578,019	-	578,019	-	-	578,019
21508001	Other Facilities	01.02.2014	82,617	-	82,617	-	-	82,617
21508001	Other Facilities	01.02.2014	194,172	-	194,172	-	-	194,172
21508001	Other Facilities	18.02.2014	56,602	-	56,602	-	-	56,602
21508001	Other Facilities	26.02.2014	55,928	-	55,928	-	-	55,928
21508001	Other Facilities	08.04.2014	120,627	-	120,627	-	-	120,627
21508001	Other Facilities	07.05.2014	8,247	-	8,247	-	-	8,247
21508001	Other Facilities	09.05.2014	22,341	-	22,341	-	-	22,341
21508001	Other Facilities	09.05.2014	70,697	-	70,697	-	-	70,697
21508001	Other Facilities	14.05.2014	66,948	-	66,948	-	-	66,948
21508001	Other Facilities	19.05.2014	120,627	-	120,627	-	-	120,627
21508001	Other Facilities	20.05.2014	104,208	-	104,208	-	-	104,208

**Rupees**

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21508001	Other Facilities	21.05.2014	29,688	-	29,688	-	-	29,688
21508001	Other Facilities	31.05.2014	110,656	-	110,656	-	-	110,656
21508001	Other Facilities	31.05.2014	45,282	-	45,282	-	-	45,282
21508001	Other Facilities	05.06.2014	135,771	-	135,771	-	-	135,771
21508001	Other Facilities	06.06.2014	1,949	-	1,949	-	-	1,949
21508001	Other Facilities	06.06.2014	1,125	-	1,125	-	-	1,125
21508001	Other Facilities	06.06.2014	5,698	-	5,698	-	-	5,698
21508001	Other Facilities	01.08.2014	20,167	-	20,167	-	-	20,167
21508001	Other Facilities	01.08.2014	121,152	-	121,152	-	-	121,152
21508001	Other Facilities	01.08.2014	261,870	-	261,870	-	-	261,870
21508001	Other Facilities	08.08.2014	150,015	-	150,015	-	-	150,015
21508001	Other Facilities	01.09.2014	173,855	-	173,855	-	-	173,855
					<b>126,618,182</b>	<b>8,014,443</b>	<b>81,084,778</b>	<b>37,518,961</b>
21601002	ANGRY BIRDS ASSETS	01.11.2013	6,286,684	2,614,325	3,672,330	-	-	3,672,330
21601002	Furniture	19.11.2013	58,702	-	58,702	-	-	58,702
21601002	Furniture	19.11.2013	13,120	-	13,120	-	-	13,120
21601002	Furniture	01.03.2014	44,982	-	44,982	-	-	44,982
21601002	Furniture	01.04.2014	51,729	-	51,729	-	-	51,729
21601002	Furniture	15.04.2014	51,729	-	51,729	-	-	51,729
21601002	Furniture	31.05.2014	26,689	-	26,689	-	-	26,689
21601002	Furniture	01.06.2014	14,919	-	14,919	-	-	14,919
21601002	Furniture	01.06.2014	4,723	-	4,723	-	-	4,723
21601002	Furniture	01.06.2014	13,120	-	13,120	-	-	13,120
21601002	Furniture	01.06.2014	85,616	-	85,616	-	-	85,616
21601002	Furniture	29.06.2014	61,026	-	61,026	-	-	61,026
					<b>4,098,610</b>	<b>-</b>	<b>-</b>	<b>4,098,610</b>
21701001	IT Equipment	26.10.2013	100,985	-	100,985	-	-	100,910
21701001	IT Equipment	04.12.2013	57,577	-	57,577	-	-	57,577
21701001	IT Equipment	04.12.2013	56,153	-	56,153	-	-	56,153
21701001	IT Equipment	04.12.2013	1,062,775	-	1,062,775	-	-	1,062,775
21701002	IT Equipment	11.10.2013	91,763	-	91,763	-	-	91,763
					<b>1,369,252</b>	<b>-</b>	<b>-</b>	<b>1,369,252</b>
21801001	Vehicles	10.09.2014	1,462,590	-	1,462,590	-	-	1,462,590
21801001	Vehicles	12.09.2014	21,366	-	21,366	-	-	21,366
					<b>1,483,956</b>	<b>-</b>	<b>-</b>	<b>1,483,956</b>
21901008	Other Tangible Fixed Assets	01.12.2013	104,958	-	104,958	-	-	104,958
21901008	Other Tangible Fixed Assets	16.09.2014	4,798	-	4,798	-	-	4,798
21901008	Other Tangible Fixed Assets	16.09.2014	187,425	-	187,425	-	-	187,425
21901008	Other Tangible Fixed Assets	17.09.2014	4,798	-	4,798	-	-	4,798
					<b>302,054</b>	<b>-</b>	<b>-</b>	<b>302,054</b>



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Also, at the time of the initial investment relating to the opening of the Angry Birds Park, the creation of jobs occurred, which caused an increase of the total average number of employees. This has resulted in the materialization of the reserve in the creation of jobs, which, as indicated in the Report for the 2013 / 2014 Financial Period, amounted to 201.892 Euros (15.670.857 Rupees).

During the financial period 2014/2015, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

### Euros

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	220	220	220
21601002	Furniture	28.02.2015	715	715	715
21601002	Furniture	12.03.2015	298	298	298
21601002	Furniture	19.03.2015	1,060	1,060	1,060
21601002	Furniture	19.03.2015	60	60	60
21601002	Furniture	30.04.2015	2,373	2,373	2,373
21601002	Furniture	30.09.2015	571	571	571
	<b>Furniture</b>		<b>5,297</b>	<b>5,297</b>	<b>5,297</b>
21701001	IT Equipment	31.10.2014	784	784	784
21701001	IT Equipment	31.10.2014	645	645	645
21701001	IT Equipment	30.11.2014	2,311	2,311	2,311
	<b>IT Equipment</b>		<b>3,740</b>	<b>3,740</b>	<b>3,740</b>

### Rupees

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	164,934	164,934	164,934
21601002	Furniture	28.02.2015	5360,355	5360,355	5360,355
21601002	Furniture	12.03.2015	2234,106	2234,106	2234,106
21601002	Furniture	19.03.2015	79,468	79,468	79,468
21601002	Furniture	19.03.2015	44,982	44,982	44,982
21601002	Furniture	30.04.2015	177,904	177,904	177,904
21601002	Furniture	30.09.2015	4280,787	4280,787	4280,787
	<b>Furniture</b>		<b>397,116</b>	<b>397,116</b>	<b>397,116</b>
21701001	IT Equipment	30.11.2014	173,256	173,256	173,256
	<b>IT Equipment</b>		<b>280,388</b>	<b>280,388</b>	<b>280,388</b>

Furthermore, on the occasion of the initial investment for the launch of the Angry Birds Park on November 1, 2013, jobs have been created which have determined an increase of the average total number of staff. This has resulted in the realization of the reserve due to the creation of jobs.

In particular, the increase to the average amount of staff pursuant to Article 27.4.C of Law 19/1994, July 6 and Article 10 of the Royal Decree of 1758/2007, was 1,056 employees.

During the financial period 2014/2015, the amount of 24,136 Euros (1,873,436 Rupees) is the average cost of the gross wages and compulsory social contributions of employees connected to the Park. Consequently, in accordance with Article 27.6 of Law 19/1994, the materialization of the reserve due to the increase of the number of employees at the initial investment, is 254,879 Euros (19,783,708 Rupees)

This investment, due to the creation of jobs materializes part of the reserve allocated in the Financial Period 2012/2013.

During the financial period 2015/2016, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

### Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	6,898	6,898	6,898
21601002	Furniture	31.10.2015	320	320	320
	<b>Furniture</b>		<b>7,218</b>	<b>7,218</b>	<b>7,218</b>
21701002	IT Equipment	25.11.2015	749	749	749

## Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21701002	IT Equipment	30.11.2015	460	460	460
		<b>IT Equipment</b>	<b>1,209</b>	<b>1,209</b>	<b>1,209</b>
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		<b>Other facilities</b>	<b>1,615</b>	<b>1,615</b>	<b>1,615</b>
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		<b>IT applications</b>	<b>3,816</b>	<b>3,816</b>	<b>3,816</b>

## Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	517,143	517,143	517,143
21601002	Furniture	31.10.2015	23,990	23,990	23,990
		<b>Furniture</b>	<b>541,133</b>	<b>541,133</b>	<b>541,133</b>
21701002	IT Equipment	25.11.2015	56,153	56,153	56,153
21701002	IT Equipment	30.11.2015	34,486	34,486	34,486
		<b>IT Equipment</b>	<b>90,639</b>	<b>90,639</b>	<b>90,639</b>
21508001	Other facilities	29.02.2016	94,462	94,462	94,462
21508001	Other facilities	29.02.2016	26,614	26,614	26,614
		<b>Other facilities</b>	<b>121,077</b>	<b>121,077</b>	<b>121,077</b>
20601001	IT applications	01.03.2016	286,086	286,086	286,086
		<b>IT applications</b>	<b>286,086</b>	<b>286,086</b>	<b>286,086</b>

During the financial period 2016/2017, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

## Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	763	763	763
21601002	Furniture	28.06.2016	640	640	640
21608002	Furniture	01.03.2017	440	440	440
21608002	Furniture	23.03.2017	2,126	2,126	2,126
		<b>Furniture</b>	<b>3,969</b>	<b>3,969</b>	<b>3,969</b>
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885
21701002	IT Equipment	25.05.2016	460	460	460
		<b>IT Equipment</b>	<b>2,275</b>	<b>2,275</b>	<b>2,275</b>
21901008	Other Tangible Fixed Assets	30.04.2016	35	35	35
21901008	Other Tangible Fixed Assets	30.04.2016	37	37	37
21901008	Other Tangible Fixed Assets	30.04.2016	12	12	12
21901008	Other Tangible Fixed Assets	30.04.2016	3	3	3
21901008	Other Tangible Fixed Assets	30.04.2016	4,749	4,749	4,749
21901008	Other Tangible Fixed Assets	01.05.2016	239	239	239
21901008	Other Tangible Fixed Assets	01.12.2016	48,551	48,551	48,551
21901008	Other Tangible Fixed Assets	22.02.2017	11,921	11,921	11,921
21901008	Other Tangible Fixed Assets	22.02.2017	86	86	86
21901008	Other Tangible Fixed Assets	22.02.2017	66	66	66

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Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	22.02.2017	113	113	113
21901008	Other Tangible Fixed Assets	01.03.2017	3,589	3,589	3,589
21901008	Other Tangible Fixed Assets	06.03.2017	6,603	6,603	6,603
21901008	Other Tangible Fixed Assets	06.03.2017	172	172	172
21901008	Other Tangible Fixed Assets	08.03.2017	1,340	1,340	1,340
21901008	Other Tangible Fixed Assets	16.03.2017	1,060	1,060	1,060
21901008	Other Tangible Fixed Assets	23.03.2017	34,200	34,200	34,200
21901008	Other Tangible Fixed Assets	29.03.2017	828	828	828
21901008	Other Tangible Fixed Assets	29.03.2017	3,700	3,700	3,700
21901008	Other Tangible Fixed Assets	31.03.2017	22,253	22,253	22,253
<b>Other Tangible Fixed Assets</b>			<b>139,558</b>	<b>139,557</b>	<b>139,558</b>
20601001	IT applications	01.05.2016	1,716	1,716	1,716
20601001	IT applications	01.03.2017	3,537	3,537	3,537
20601001	IT applications	29.03.2017	1,817	1,817	1,817
<b>IT applications</b>			<b>7,070</b>	<b>7,070</b>	<b>7,070</b>
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
<b>Other facilities</b>			<b>6,202</b>	<b>6,202</b>	<b>6,202</b>

Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	52,845	52,845	52,845
21601002	Furniture	28.06.2016	44,326	44,326	44,326
21608002	Furniture	01.03.2017	30,474	30,474	30,474
21608002	Furniture	23.03.2017	147,247	147,247	147,247
<b>Furniture</b>			<b>274,893</b>	<b>274,893</b>	<b>274,893</b>
21701001	IT Equipment	06.02.2017	64,412	64,412	64,412
21701001	IT Equipment	01.03.2017	61,295	61,295	61,295
21701002	IT Equipment	25.05.2016	31,860	31,860	31,860
<b>IT Equipment</b>			<b>157,567</b>	<b>157,567</b>	<b>157,567</b>
21901008	Other Tangible Fixed Assets	30.04.2016	2,424	2,424	2,424
21901008	Other Tangible Fixed Assets	30.04.2016	2,563	2,563	2,563
21901008	Other Tangible Fixed Assets	30.04.2016	831	831	831
21901008	Other Tangible Fixed Assets	30.04.2016	208	208	208
21901008	Other Tangible Fixed Assets	30.04.2016	328,916	328,916	328,916
21901008	Other Tangible Fixed Assets	01.05.2016	16,553	16,553	16,553
21901008	Other Tangible Fixed Assets	01.12.2016	3,362,642	3,362,642	3,362,642
21901008	Other Tangible Fixed Assets	22.02.2017	825,648	825,648	825,648
21901008	Other Tangible Fixed Assets	22.02.2017	5,956	5,956	5,956
21901008	Other Tangible Fixed Assets	22.02.2017	4,571	4,571	4,571
21901008	Other Tangible Fixed Assets	22.02.2017	7,826	7,826	7,826
21901008	Other Tangible Fixed Assets	01.03.2017	248,574	248,574	248,574
21901008	Other Tangible Fixed Assets	06.03.2017	457,324	457,324	457,324
21901008	Other Tangible Fixed Assets	06.03.2017	11,913	11,913	11,913
21901008	Other Tangible Fixed Assets	08.03.2017	92,808	92,808	92,808
21901008	Other Tangible Fixed Assets	16.03.2017	73,416	73,416	73,416
21901008	Other Tangible Fixed Assets	23.03.2017	2,368,692	2,368,692	2,368,692
21901008	Other Tangible Fixed Assets	29.03.2017	57,347	57,347	57,347

## Rupees

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21901008	Other Tangible Fixed Assets	29.03.2017	256,262	256,262	256,262
21901008	Other Tangible Fixed Assets	31.03.2017	1,541,243	1,541,243	1,541,243
<b>Other Tangible Fixed Assets</b>			<b>9,665,718</b>	<b>9,665,718</b>	<b>9,665,718</b>
20601001	IT applications	01.05.2016	118,850	118,850	118,850
20601001	IT applications	01.03.2017	244,973	244,973	244,973
20601001	IT applications	29.03.2017	125,845	125,845	125,845
<b>IT applications</b>			<b>489,668</b>	<b>489,668</b>	<b>489,668</b>
21508001	Other facilities	29.03.2017	429,551	429,551	429,551
<b>Other facilities</b>			<b>429,551</b>	<b>429,551</b>	<b>429,551</b>

On March 31, 2017 the partners agreed to dispose part of the RIC 2012/13 special reserve, so that they agreed to transfer part of the special reserve to voluntary reserves, specifically for the amount pending to materialize at this date, the amount of 1,229,049 Euros (85,123,934 Rupees). Consequently, one of the requirements established in the article 27 of the Law 19/1994 has been violated, integrating, in accordance with article 27.6 of Law 19/1994, this amount into the tax base of the corporate tax corresponding to 2016/17 period.

As a result of this breach, moratory interests have been paid to the administration for the amount of 53.975 Euros (4.189.540 Rupees), of which 46,096 Euros (3,577,972 Rupees) were accrued as at 31 March 2017.

The realization for the amount of 26.781 Euros (2,078,741 Rupees) in the annual report for the financial period 2016/17 that was booked in the account 21100001, has been reclassified during the current financial period to the account 21901008, but the assets are still in the company with the same amount and all the requirements related to the realization have been fulfilled.

Finally, it must be reported that the Company has not carried out investments prior the provision and it has not been benefited from any other tax benefit accrued at the time of the Investments made as a result of the realization of the RIC.

12.9. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Director's of the Company considered that liquidations of the mentioned taxes have been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

13 **INCOMES AND EXPENSES**13.1 Breakdown of the following items in the Profit and Loss Account:

4.a. Consumption of goods: corresponding to the cost of the acquired weeks and with purchases of merchandise and merchandising for the Theme Park. The amounts are as follows:

<u>Euros</u>	2018/19	2017/18
Cost of weeks acquired	83,522	27,249
Merchandise purchased Theme Park	207,259	169,981
Change in Inventory merchandise Theme park	(13,069)	2,121
<b>Totals</b>	<b>277,712</b>	<b>199,352</b>
<u>Rupees</u>	2018/19	2017/18
Cost of weeks acquired	6,482,951	2,197,904
Merchandise purchased Theme Park	16,087,444	13,710,698
Change in Inventory merchandise Theme park	(1,014,406)	171,098
<b>Totals</b>	<b>21,555,989</b>	<b>16,079,700</b>

The purchase of acquired weeks has been carried out in Spanish territory and the theme park merchandise has been purchased from members countries of the European Union.

6.b. Social security: corresponds entirely with the business contribution whose amount totalled 396.055 Euros (30.741.789 Rupees) and 487.784 Euros (37.861.794 Rupees) for the Financial Periods 2018/19 and 2017/18, respectively.

7.a. External Services:

<u>Euros</u>	2018/19	2017/18
Leases and Charges	296,027	312,476
Repair and Maintenance	2,319,250	2,249,993
Independent Professional Services	760,193	843,314
Transport	124,899	199,104
Insurance	21,919	25,771
Bank Services and Similar	32,500	24,407
Publicity, Advertising and Public Relations	186,414	294,208
Supplies	126,983	160,810
Other Services	305,429	306,130
<b>Totals</b>	<b>4,173,614</b>	<b>4,416,214</b>
<u>Rupees</u>	2018/19	2017/18
Leases and Charges	22,977,613	25,204,354
Repair and Maintenance	180,020,209	181,484,451
Independent Professional Services	59,006,164	68,021,741
Transport	9,694,626	16,059,724
Insurance	1,701,374	2,078,695
Bank Services and Similar	2,522,641	1,968,698
Publicity, Advertising and Public Relations	14,469,417	23,730,793
Supplies	9,856,435	12,970,939
Other Services	23,707,432	24,692,460
<b>Totals</b>	<b>323,955,909</b>	<b>356,211,854</b>

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### 7.c. Losses on, impairment of and change in trade provisions:

<b>Euros</b>			<b>Rupees</b>	2018/19	2017/18
	2018/19	2017/18			
Losses from bad debts	326,249	283,159	Losses from bad debts	25,323,476	22,839,640
Trade Provision	208,481	190,415	Trade Provision	16,182,278	15,358,841
Excess Trade Provision	(248,502)	(212,322)	Excess Trade Provision	(19,288,755)	(17,125,888)
Provision packs	(129,961)	(5,200)	Provision packs	(10,087,573)	(419,432)
Provision Sales-persons' commissions.	(70,689)	(65,824)	Provision Sales-persons' commissions.	(5,486,880)	(5,309,364)
Provision Transfers	(19,500)	-	Provision Transfers	(1,513,590)	-
Provision RCI	(42,821)	1,720	Provision RCI	(3,323,766)	138,734
Other provisions	(52,593)	(58,669)	Other provisions	(4,082,269)	(4,732,241)
<b>Totals</b>	<b>(29,336)</b>	<b>133,279</b>	<b>Totals</b>	<b>(2,277,078)</b>	<b>10,750,290</b>

13.2. "Other results": these correspond to the net of Profit & Loss that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. In the financial year 2018/19 and 2017/18 they correspond, mainly, to the long term provision the for amount of 150,000 Euros (11,643,000 Rupees) and 252,000 Euros (19,560,240 Rupees), respectively (See note 14.1).

## 14. PROVISIONS AND CONTINGENCIES.

### Provisions

14.1. The long-term provision for the amount of 344.882 Euros (26.769.741 Rupees) corresponds to judicial processes in favor of different clients for claims for weeks sold in previous periods. Transactions during the 2018/19 and 2017/18 financial periods are as follows:

<b>Euros</b>	Balance at 31.03.17	Acquisitions	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19
Long-term provisions	26,029	252,000	278,029	150,000	(83,146)	344,882

  

<b>Rupees</b>	Balance at 31.03.17	Acquisitions	Balance at 31.03.18	Exchange rate	Acquisitions	Disposals	Balance at 31.03.19
Long-term provisions	2,099,467	20,326,320	22,425,787	(845,207)	11,643,000	(6,453,806)	26,769,775

The company has been sued for several clients arguing that the contracts are null for de amount of 5,300,000 Euros (411,386,000 Rupees). At the date of preparation of these annual accounts 110 claims have been received, 69 of which have a ruling (mainly unfavourable) for the amount of 1,000,000 Euros (77,620,000 Rupees). The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. Although there are unfavourable rulings all of them have been appealed and are expected to get a favourable ruling for the contracts signed after July 2012. Most of them are in this case. The maximum risk has been quantified in 344,882 Euros (36,769,741 Rupees)

14.2. The short term provision corresponds to the accrual of commissions pending payment to sales staff, the cost of the accommodation of packs and provisions for the cancellation of sales. The balance at the close of the financial years 2018/19 and 2017/18 amounts 188,296 euros (14,615,536 Rupees) and 555,541 Euros (43,121,092 Rupees), respectively. Transactions during the 2018/19 and 2017/18 financial periods are as follows:

<b>Euros</b>	Balance at 31.03.17	Acquisitions	Disposals	Balance at 31.03.18	Disposals	Balance at 31.03.19
Short-term provisions	631,833	53,401	(129,693)	555,541	(367,244)	188,296

  

<b>Rupees</b>	Balance at 31.03.17	Acquisitions	Disposals	Balance at 31.03.18	Exchange rate	Disposals	Balance at 31.03.19
Short-term provisions	50,963,614	4,307,324	(10,461,037)	44,809,901	(1,688,843)	(28,505,488)	14,615,571

### Contingencies.

14.3. There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 167,890 Euros (13,031,622 Rupees) at the end of the financial year (see Note 18.3).

14.4. The company provided a guarantee to a Finance company for the amount of 220,450 Euros (17,111,329 Rupees) to face all the trials commented in the note 14. One of them, for the amount of 152,000 Euros (11,798,240 Rupees) is also endorsed by the companies of the group Holiday Club Canarias Resort Management SLU and Holiday Club Canarias Investment SLU.

## 15. ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

## 16. GRANTS, DONATIONS AND BEQUESTS.

16.1. On June 24, 2014 a grant was given by the Ministry of Finance and other Public Administrations for the investment Project in the Angry Birds Theme Park, for the amount of 870,213 Euros (67,545,933 Rupees). On April 2018 the company paid back 69.982 Euros (5.432.009 Rupees) because some conditions were not complied.

16.2. Variations in the capital grant during the financial years 2018/19 and 2017/18 are as follows:

<b>Euros</b>	<b>Saldo 30.03.17</b>	<b>Acquisitions</b>	<b>Transfer to results</b>	<b>Saldo 31.03.18</b>
Capital Grant	557,133	-	(91,633)	465,500
Tax Effect	(139,283)	-	22,908	(116,375)
<b>Totals</b>	<b>417,850</b>	<b>-</b>	<b>(68,725)</b>	<b>349,124</b>

<b>Euros</b>	<b>Saldo 30.03.18</b>	<b>Transfer to results</b>	<b>Disposals</b>	<b>Saldo 31.03.19</b>
Capital Grant	465,500	(77,807)	(69,982)	317,710
Tax Effect	(116,375)	19,452	17,495	(79,427)
<b>Totals</b>	<b>349,124</b>	<b>(58,355)</b>	<b>(52,486)</b>	<b>238,283</b>

<b>Rupees</b>	<b>Balance 30.03.17</b>	<b>Exchange rate</b>	<b>Transfer to results</b>	<b>Balance 31.03.18</b>
Capital Grant	38,586,973	6,351,374	(7,391,153)	37,547,195
Tax Effect	(9,646,738)	(1,587,893)	1,847,788	(9,386,843)
<b>Totals</b>	<b>28,940,236</b>	<b>4,763,481</b>	<b>(5,543,365)</b>	<b>28,160,352</b>

<b>Rupees</b>	<b>Balance 30.03.18</b>	<b>Exchange rate</b>	<b>Transfer to results</b>	<b>Disposals</b>	<b>Balance 31.03.19</b>
Capital Grant	37,547,195	(1,415,197)	(6,039,345)	(5,432,001)	24,660,652
Tax Effect	(9,386,843)	353,863	1,509,836	1,358,000	(6,165,144)
<b>Totals</b>	<b>28,160,352</b>	<b>(1,061,333)</b>	<b>(4,529,509)</b>	<b>(4,074,001)</b>	<b>18,495,508</b>

**17. EVENTS AFTER THE CLOSING OF THE YEAR.**

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

**18. TRANSACTIONS BETWEEN RELATED PARTIES.**

**18.1. Regarding the Managing Board and Key Company Staff.**

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.
- Ms. Maria del Carmen Meinster, Publicity Services Manager till May 2017

Remuneration paid to managers and key personnel of the company, during the financial period 2018/19, in their status as employees of the company, amounts to 69,133 Euros (5,366,103 Rupees) and in the financial period 2017/18, 111,221 Euros (8,632,974 Rupees)

On the Balance Sheet there is a current account with partners and administrators at March 31, 2019, that amounts 5,502 Euros (427,065 Rupees) (3,126 euros (242,640 Rupees) in the financial period 2017/2018)

**18.2. Information required by Article 229 Of the Corporate Enterprises Act.**

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Director's do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Director's hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 17 July, that amended Law 24/1988, of July 28, in which the market values and the text

revised from the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Director's have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

**18.3 Transactions and Balances with Group companies:**

The transactions carried out with Group companies during the Financial periods 2018/19 and 2017/18, are the following:

<b>Euros</b>	<b>2017/18</b>		
<b>Company</b>	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
Holiday Club Canarias Resort Management, SLU	-	2,390,368	194,640
Holiday Club Resort OY	-	263,339	314,209
Holiday Club Sweden AB	309,904	1,246	20,906
<b>Totals</b>	<b>309,904</b>	<b>2,654,953</b>	<b>529,754</b>

<b>Euros</b>	<b>2018/19</b>		
<b>Company</b>	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
Holiday Club Canarias Resort Management, SLU	-	2,577,119	181,059
Holiday Club Resort OY	-	395,163	289,766
Holiday Club Sweden AB	282,445	9,257	3,990
Passeport Sante, SLU	-	-	873,464
<b>Totals</b>	<b>282,445</b>	<b>2,981,539</b>	<b>1,348,279</b>

<b>Rupees</b>	<b>2017/18</b>		
<b>Company</b>	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
Holiday Club Canarias Resort Management, SLU	-	192,807,053	15,699,623
Holiday Club Resort OY	-	21,240,913	25,344,093
Holiday Club Sweden AB	24,996,862	100,530	-
<b>Totals</b>	<b>24,996,862</b>	<b>214,148,496</b>	<b>41,043,715</b>

<b>Rupees</b>	<b>2018/19</b>		
<b>Company</b>	<b>Financial Expenses</b>	<b>Services received</b>	<b>Services rendered</b>
Holiday Club Canarias Resort Management, SLU	-	200,035,977	14,053,791
Holiday Club Resort OY	-	30,672,553	22,491,647
Holiday Club Sweden AB	21,923,400	718,542	309,704
Passeport Sante, SLU	-	-	67,798,253
<b>Totals</b>	<b>21,923,400</b>	<b>231,427,072</b>	<b>104,653,394</b>

## HOLIDAY CLUB CANARIAS SALES & MARKETING SLU

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2018/19 and 2017/18, both short-term and long-term, at the close of the Financial Periods are:

<b>Euros</b>	2017/18		2018/19	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Holiday Club Canarias Resort Management, SLU	-	2,288,506	-	3,472,712
Holiday Club Canarias Investment, SL	888,372	-	959,460	-
Holiday Club Resort OY	-	3,338,639	-	10,680
Holiday Club Sweden AB	-	12,076,974	-	11,037,006
Passeport Sante, SLU	-	-	613,739	-
<b>Totals</b>	<b>888,372</b>	<b>14,398,866</b>	<b>1,573,199</b>	<b>14,520,398</b>

<b>Rupees</b>	2017/18		2018/19	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Holiday Club Canarias Resort Management, SLU	-	184,590,867	-	269,551,878
Holiday Club Canarias Investment, SL	71,656,123	-	74,473,268	-
Holiday Club Resort OY	-	2,692,946	-	829,013
Holiday Club Sweden AB	-	974,128,734	-	856,692,434
Passeport Sante, SLU	-	-	47,638,433	-
<b>Totals</b>	<b>71,656,123</b>	<b>1,161,412,547</b>	<b>122,111,701</b>	<b>1,127,073,325</b>

The Company is backed by the Group Companies Holiday Club Canarias Resort Management, SLU and Holiday Club Canarias Investment SLU, to respond to a loan granted by a financial institution, amounting 167,890 Euros (13,031,629 Rupees) at the end of the period (see Note 14.3).

Furthermore, the Group Companies Holiday Club Canarias Resort Management, SLU and Holiday Club Canarias Investment SLU provided a guarantee to a Finance Company for the amount of 152,000 Euros (11,798,240 Rupees) to face a pending trial (See Note 14.4).

### 18.4 Companies subject to the same unit of decision.

The Company shows the largest assets in the group of companies subject to the same decision-making units, headquartered in Spain. The companies are the following ones:

- Holiday Club Canarias Investment, S.L.U.: Parent Company of the Group
- Holiday Club Canarias Sales & Marketing, S.L.U.: Subsidiary and with the highest assets
- Holiday Club Canarias Resort Management, S.L.U.: Subsidiary
- Passeport Sante SLU: Subsidiary

Aggregate amounts of said companies are as follows:

<b>Euros</b>	2018/19	2017/18
<b>ASSETS</b>		
Non-current Assets	8,673,962	9,159,582
Current Assets	18,625,890	17,588,317
<b>Total</b>	<b>27,299,853</b>	<b>26,747,899</b>

### **EQUITY AND LIABILITIES**

Equity	4,052,376	4,095,383
Non-current Liabilities	11,526,709	12,494,144
Current Liabilities	11,720,768	10,158,372
<b>Total</b>	<b>27,299,853</b>	<b>26,747,899</b>

### **PROFIT & LOSS**

Turnover.	13,245,594	12,698,059
Results (Loss)	67,834	645,454

<b>Rupees</b>	2018/19	2017/18
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### **ASSETS**

Non-current Assets	673,272,940	738,811,853
Current Assets	1,445,741,604	1,418,673,650
<b>Total</b>	<b>2,119,014,544</b>	<b>2,157,485,503</b>

### **EQUITY AND LIABILITIES**

Equity	314,545,392	330,333,561
Non-current Liabilities	894,703,151	1,007,777,674
Current Liabilities	909,766,001	819,374,267
<b>Total</b>	<b>2,119,014,544</b>	<b>2,157,485,503</b>

### **PROFIT & LOSS**

Turnover.	1,028,123,032	1,024,225,459
Results (Loss)	5,265,300	52,062,314

## 19 OTHER INFORMATION

### 19.1 Number of Employees.

The average number of persons employed by the Company during the financial periods 2018/19 and 2017/18, distributed by their professional categories, has been as follows:

	Persons	
	2018/19	2017/18
Executives and Administrative Staff	1,863	1,823
Sales and Collections Staff	1,396	2,361
Others	1,897	2,224
<b>Totals.</b>	<b>5,156</b>	<b>6,408</b>

The distribution by gender at the end of the financial periods 2018/19 and 2017/18 is the following:

	2018/19		2017/18	
	Men	Women	Men	Women
Executives and Administrative Staff	8	8	8	11
Sales and Collections Staff	5	4	18	9
Others	10	9	16	17
<b>Totals</b>	<b>23</b>	<b>21</b>	<b>42</b>	<b>37</b>

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2017/18 and 2018/19 is only 1 employee in the "other" category, for both financial periods.

## 19.2 Auditor's Fees.

The fees for the audit of annual accounts amount to 11,000 Euros (853,820 Rupees) and 10,165 Euros (789,007 Rupees) for the Financial Periods 2017/18 and 2018/19 respectively.

**20 SEGMENT REPORTING.**

The Company's business has been carried out entirely within the geographical area of the Canary Islands.

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Sale of weeks and packs	<b>1,946,463</b>	3,288,940
Angry Birds Theme Park income	<b>1,204,876</b>	1,215,018
Vacation rental	<b>3,275,275</b>	2,313,127
Other income	<b>377,826</b>	749,048
<b>Totals.</b>	<b>6,804,440</b>	7,566,133

  

<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Sale of weeks and packs	<b>151,084,471</b>	265,285,868
Angry Birds Theme Park income	<b>93,522,484</b>	98,003,312
Vacation rental	<b>254,226,828</b>	186,576,837
Other income	<b>29,326,875</b>	60,418,248
<b>Totals.</b>	<b>528,160,658</b>	610,284,265

**21 INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY.**

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>Days</b>	<b>Days</b>
<b>Payment Ratio</b>	<b>44</b>	45
<b>Outstanding payment Ratio</b>	<b>30</b>	31
<b>Average period for payment to suppliers</b>	<b>44</b>	43
	<b>Amount</b>	<b>Amount</b>
<b>Total payments in the period</b>	<b>4,519,035</b>	4,693,506
<b>Total outstanding payments</b>	<b>90,159</b>	157,869

<b>Rupees</b>	<b>Amount</b>	<b>Amount</b>
<b>Total payments in the period</b>	<b>350,767,508</b>	378,578,167
<b>Total outstanding payments</b>	<b>6,998,151</b>	12,733,680

**Date:** 15 April 2019

**Place:** Mogan



## **HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDED IN MARCH 31<sup>ST</sup>, 2019**

Submitted by the managers of the company HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU to be considered by general meeting of shareholders.

### **1. BUSINESS DEVELOPMENT**

The total amount of the turnover for the society is 6,804,440 euros (528,160,633 Rupees).

In October 31<sup>st</sup>, 2018 the company opened the ngry Birds Activity in Puerto Rico, Mogan, after four and half years running the business the result have been very satisfactory, taking into account that we are talking about a very big investment, over 4,000,000 Euros (310,480,000 Rupees).

### **2. COMPANY'S SITUATION**

Inventories and accounts receivable are the most relevant ítems in the balance sheet.

### **3. OWN SHARES**

There are not own shares in the company.

### **4. AVERAGE PERIOD FOR PAYMENT**

The average period for payment to suppliers and creditor is 44 days.

Mogan, April 15th 2019

Calvin Stuart Lucock

Administrador Soliario y representante de Holiday Club Resorts OY

## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Sole Shareholder of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU:

### Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU, (the Company) which comprise the balance sheet as at 31 March 2019, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2019, and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

### *Maintenance Fees incomes*

As shown in the profit and loss account, the sales figure amounts to 5.4 million euros (see note 20), while in the current liabilities there is a balance of 3.8 million euros of short-term accruals. As explained in note 1, the main activity of the Company consists in offering maintenance services to five apartment complexes that the related company HOLIDAY CLUB CANARIAS SALES MARKETING, SLU sells by the timeshare regime, or it exploits tourism. For each calendar year, the owners' meeting of each complex approves the maintenance fees for each type of room and complex, which are invoiced in the following January, with the non-accrued portion registered in the section of short-term accruals. Due to the monetary relevance of the sales item and the diversity of quotes due to the number of complexes and types of rooms to which the Company provides services, a valuation of the sales and the short-term accruals of the Company have been considered a relevant aspect of our audit.

Our procedures consisted, among other things, in a verification of the annual quotas approved in the minutes by the number and type of rooms of each complex, verifying the accrued portion based on the time elapsed between the billing and the closing of the financial year of the Company.

### *Cost center for apartment complexes*

As indicated in note 20, the incomes for maintenance fee amounts of 4.9 million euros. The Company divides its activity among five apartment complexes, reason why each of them supports a part of those expenses. This information is used to establish, with approval in the owners' meeting, the maintenance fees that are invoiced (income) to the owners of each Resort, differentiated by each type of room. The Company keeps track of the allocation of costs to each apartment complex and informs owners about the total expenses of the year for each of the complexes. Due to the high amount of expenses, together with the different nature of the same, where the assignment of these to each cost center entails a detailed analysis, we have considered a relevant aspect for our audit work.

As part of our audit, our procedures included the analysis of the reasonableness of the imputation of the expenses by complex. In addition, tests were carried out in detail to verify the correct assignment of the same.

### **Other information: Management Report**

The other information includes the management report for the year ended 31 March 2019, the formulation of which is the responsibility of the Company's Director's, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained

as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2018-2019 and its content and presentation are in accordance with the applicable regulations.

#### **Director's responsibilities**

The Director's are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director's are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director's intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

#### **Responsibilities of the auditor in connection with the audit of the financial statements**

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the

case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director's.
- We conclude on whether the use, by the Director's, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director's regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director's, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP  
(nº ROAC S2158)

Javier ALVAREZ CABRERA  
(nº ROAC 16092)

Las Palmastle Gran Canaria, on April 17<sup>th</sup> 2019

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

ASSETS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) NON-CURRENT ASSETS</b>					
<b>I. Intangible Assets</b>	<b>5</b>	<b>1,190,000</b>	<b>92,367,791</b>	1,360,000	109,697,594
4. Goodwill		1,190,000	92,367,791	1,360,000	109,697,594
<b>II. Fixed Assets</b>	<b>6</b>	<b>3,404,207</b>	<b>264,234,541</b>	3,156,753	254,623,706
1. Property and Buildings		2,905,751	225,544,417	2,772,416	223,623,112
2. Technical Facilities and other Fixed Assets		359,756	27,924,247	373,307	30,110,914
3. Advances and fixed assets in progress		138,700	10,765,877	11,030	889,680
<b>III. Real Estate Investments</b>	<b>7</b>	<b>552,454</b>	<b>42,881,445</b>	744,898	60,083,460
2. Construction/ Buildings		552,454	42,881,445	744,898	60,083,460
<b>V. Long-term financial investments</b>	<b>9</b>	<b>41,409</b>	<b>3,214,150</b>	0	0
5. Other financial assets		41,409	3,214,150	0	0
<b>VI. Deferred Tax Assets</b>	<b>12</b>	<b>56,910</b>	<b>4,417,353</b>	64,380	5,192,885
<b>TOTAL A</b>		<b>5,244,979</b>	<b>407,115,279</b>	5,326,031	429,597,644
<b>B) LIQUID ASSETS</b>					
<b>III. Commercial debtors and other accounts receivables</b>		<b>639,366</b>	<b>49,627,610</b>	759,925	61,295,586
1. Trade receivables		636,703	49,420,860	724,823	58,464,259
3. Other debtors	<b>9</b>	<b>890</b>	<b>69,072</b>	16,641	1,342,274
4. Personnel	<b>9</b>	<b>1,756</b>	<b>136,326</b>	9,320	751,775
6. Other receivables from Public Administrations		17	1,351	9,141	737,278
<b>IV. Short-term Investments in affiliated group and associate</b>	<b>9-18</b>	<b>3,473,866</b>	<b>269,641,511</b>	2,290,131	184,721,941
2. Loans to companies		3,473,866	269,641,511	2,290,131	184,721,941
<b>V. Short-term financial investments</b>	<b>9</b>	<b>1,557</b>	<b>120,816</b>	1,489	120,125
5. Other financial assets		1,557	120,816	1,489	120,125
<b>VI. Short term accruals</b>		<b>27,591</b>	<b>2,141,597</b>	30,232	2,438,507
<b>VII. Cash and other equivalent liquid assets</b>	<b>9</b>	<b>376,382</b>	<b>29,214,741</b>	921,787	74,351,312
1. Liquid assets		376,382	29,214,741	921,787	74,351,312
<b>TOTAL B</b>		<b>4,518,762</b>	<b>350,746,274</b>	4,003,564	322,927,471
<b>TOTAL ASSETS (A + B)</b>		<b>9,763,741</b>	<b>757,861,553</b>	9,329,595	752,525,116

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

NET WORTH AND LIABILITIES		Notes	(Euros) 2018/19	(Rupees) 2018/19	(Euros) 2017/18	(Rupees) 2017/18
<b>A) TOTAL EQUITY</b>						
<b>A-1) EQUITY</b>						
<b>I. Capital</b>						
1. Shared Capital						
<b>III. Reserves</b>						
1. Legal and statutory						
2. Other reserves						
<b>V. Profit &amp; Loss from previous Periods</b>						
2. (Losses from previous Periods)						
<b>VII. Profits for the Period</b>						
<b>TOTAL A</b>						
<b>B) NON CURRENT LIABILITIES</b>						
<b>II. Long-term Debts</b>						
2. Debts to Loan Institutions						
3. Creditors due to financial leasing						
5. Other financial liabilities						
<b>V. Long-term accruals</b>						
<b>TOTAL B</b>						
<b>C) CURRENT LIABILITIES</b>						
<b>II. Short-term provisions</b>						
<b>III. Short-term debts</b>						
2. Debts to Loan Institutions						
3. Creditors due to financial leasing						
5. Other financial liabilities						
<b>IV. Short-term Debts with Group and Associated Companies</b>						
<b>V. Trade Creditors and other Accounts payable</b>						
3. Sundry Creditors						
4. Staff (salaries pending payment).						
6. Other debts with Public Administrations.						
7. Customer advances						
<b>VI. Short-term accruals</b>						
<b>TOTAL C</b>						
<b>TOTAL NET WORTH AND LIABILITIES (A + B + C)</b>						

**PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) CONTINUING OPERATIONS</b>					
<b>1. Turnover</b>	<b>20</b>	<b>5,394,733</b>	<b>418,739,173</b>	5,131,927	413,941,194
b) Services rendered		5,394,733	418,739,173	<b>5,131,927</b>	<b>413,941,194</b>
<b>4. Supplies</b>	<b>14</b>	<b>(138,320)</b>	<b>(10,736,428)</b>	(101,649)	(8,199,041)
a) Consumption of merchandise		(138,320)	(10,736,428)	(101,649)	(8,199,041)
<b>5. Other operations income</b>	<b>7</b>	<b>74,268</b>	<b>5,764,717</b>	104,248	8,408,616
a) Accessory income and other current operations		74,268	5,764,717	104,248	8,408,616
<b>6. Personnel expenses</b>		<b>(2,692,988)</b>	<b>(209,029,691)</b>	(2,518,643)	(203,153,741)
a) Wages, salaries and similar		(2,110,786)	(163,839,210)	(1,975,539)	(159,346,999)
b) Social Security contributions	<b>14</b>	<b>(582,202)</b>	<b>(45,190,480)</b>	(543,104)	(43,806,742)
<b>7. Other operating expenses</b>		<b>(2,011,085)</b>	<b>(156,100,386)</b>	(2,032,178)	(163,915,464)
a) Outsourced services	<b>14</b>	<b>(1,624,496)</b>	<b>(126,093,401)</b>	(1,535,355)	(123,841,723)
b) Taxes		(130,182)	(10,104,745)	(136,088)	(10,976,885)
c) Losses, impairment and variation of supplies from trade op.	<b>14</b>	<b>(256,536)</b>	<b>(19,912,299)</b>	(361,125)	(29,128,326)
d) Other current operating expenses		130	10,060	390	31,470
<b>8. Depreciation of fixed assets</b>	<b>5-6-7</b>	<b>(312,070)</b>	<b>(24,222,857)</b>	(317,962)	(25,646,848)
<b>13. Other incomes and expenses</b>	<b>14</b>	<b>17,465</b>	<b>1,355,618</b>	1,922	155,062
<b>A.1) Operating Income (Loss)</b>		<b>332,004</b>	<b>25,770,147</b>	267,664	21,589,777
<b>14. Financial Income.</b>	<b>9</b>	<b>19,957</b>	<b>1,549,048</b>	13,804	1,113,444
b) Trade securities and other equity instruments		19,957	1,549,048	13,804	1,113,444
<i>b 2) Third Parties</i>		19,957	1,549,048	13,804	1,113,444
<b>15. Financial expenses</b>	<b>10</b>	<b>(8,930)</b>	<b>(693,112)</b>	(6,024)	(485,920)
b) Debts with Third Parties		(8,930)	(693,112)	(6,024)	(485,920)
<b>17. Exchange differences.</b>	<b>13</b>	<b>1,048</b>	<b>81,331</b>	349	28,127
<b>A.2) FINANCIAL PROFIT &amp; LOSS (LOSS)</b>		<b>12,075</b>	<b>937,267</b>	8,129	655,650
<b>A.3) PROFIT BEFORE TAXES (LOSS)</b>		<b>344,079</b>	<b>26,707,414</b>	275,793	22,245,428
<b>19. Corporate Income Tax</b>	<b>12</b>	<b>(77,256)</b>	<b>(5,996,636)</b>	(43,059)	(3,473,109)
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (LOSS)</b>		<b>266,823</b>	<b>20,710,777</b>	232,734	18,772,319

**STATEMENT OF CHANGES IN EQUITY AT 31<sup>ST</sup> MARCH 2019**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) STATEMENT OF RECOGNISED PROFIT AND LOSS</b>					
<b>A) PROFIT AND LOSS ACCOUNT</b>	<b>3</b>	<b>266,823</b>	<b>20,710,777</b>	<b>232,734</b>	<b>18,772,319</b>
<b>TOTAL OF RECOGNISED PROFIT AND LOSS (A)</b>		<b>266,823</b>	<b>20,710,777</b>	<b>232,734</b>	<b>18,772,319</b>

**STATEMENT OF CHANGES IN EQUITY AT 31<sup>ST</sup> MARCH 2019 (euros)**

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
<b>B) COMPLETE STATEMENT OF CHANGES TO EQUITY</b>					
<b>A. FINAL BALANCE YEAR 2016/17</b>	<b>3,100</b>	<b>2,986,721</b>	<b>(236,134)</b>	<b>320,068</b>	<b>3,073,754</b>
<b>B. ADJUSTED BALANCE BEGINNING 2017/18</b>	<b>3,100</b>	<b>2,986,721</b>	<b>(236,134)</b>	<b>320,068</b>	<b>3,073,754</b>
I. Total recognised Profit & Loss	0	0	0	232,734	<b>232,734</b>
III. Other variations to Equity	0	320,068	0	(320,068)	<b>0</b>
<b>C. FINAL BALANCE 2017/18</b>	<b>3,100</b>	<b>3,306,789</b>	<b>(236,134)</b>	<b>232,734</b>	<b>3,306,488</b>
<b>D. ADJUSTED BALANCE, BEGINNING 2018/19</b>	<b>3,100</b>	<b>3,306,789</b>	<b>(236,134)</b>	<b>232,734</b>	<b>3,306,488</b>
I. Total recognised incomes and expenses	0	0	0	266,823	<b>266,823</b>
III. Other changes to Equity	0	232,734	0	(232,734)	<b>0</b>
<b>E. FINAL BALANCE 2017/18</b>	<b>3,100</b>	<b>3,539,523</b>	<b>(236,134)</b>	<b>266,823</b>	<b>3,573,311</b>

**STATEMENT OF CHANGES IN EQUITY AT 31<sup>ST</sup> MARCH 2019(Rupees)**

ITEM	Shared Capital	Reserves	Previous Year's Profit & Loss	Current Year's Profit & Loss	TOTAL
<b>B) COMPLETE STATEMENT OF CHANGES TO EQUITY</b>					
<b>C. FINAL BALANCE 2016/17</b>	<b>214,706</b>	<b>206,860,314</b>	<b>(16,354,665)</b>	<b>22,167,878</b>	<b>212,888,233</b>
<b>D. ADJUSTED BALANCE, BEGINNING 2017/18</b>	<b>214,706</b>	<b>206,860,314</b>	<b>(16,354,665)</b>	<b>22,167,878</b>	<b>212,888,233</b>
I. Total recognised incomes and expenses	0	0	0	18,772,319	<b>18,772,319</b>
III. Other changes to Equity	0	25,816,648	0	(25,816,648)	<b>0</b>
IV. Exchange rate	35,340	34,048,622	(2,691,932)	3,648,770	<b>35,040,801</b>
<b>E. FINAL BALANCE 2017/18</b>	<b>250,046</b>	<b>266,725,585</b>	<b>(19,046,597)</b>	<b>18,772,319</b>	<b>266,701,353</b>
<b>D. ADJUSTED BALANCE, BEGINNING 2018/19</b>	<b>250,046</b>	<b>266,725,585</b>	<b>(19,046,597)</b>	<b>18,772,319</b>	<b>266,701,353</b>
I. Total recognised incomes and expenses	0	0	0	20,710,777	<b>20,710,777</b>
III. Other changes to Equity	0	18,064,808	0	(18,064,808)	<b>0</b>
IV. Exchange rate	(9,424)	(10,052,638)	717,873	(707,511)	<b>(10,051,700)</b>
<b>E. FINAL BALANCE 2018/19</b>	<b>240,622</b>	<b>274,737,754</b>	<b>(18,328,723)</b>	<b>20,710,777</b>	<b>277,360,430</b>

**CASH FLOW STATEMENT AT 31<sup>ST</sup> MARCH 2019**

ITEMS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>1. PROFIT &amp; LOSS BEFORE TAXES</b>		<b>344,079</b>	<b>26,707,414</b>	275,793	22,245,428
<b>2. ADJUSTMENTS TO PROFIT &amp; LOSS</b>		<b>272,786</b>	<b>21,173,651</b>	447,086	36,061,966
a) Depreciation of Fixed Assets	5-6-7	312,070	24,222,857	317,962	25,646,848
c) Change to provisions	15	(28,257)	(2,193,270)	136,904	11,042,642
g) Financial Incomes	9	(19,957)	(1,549,048)	(13,804)	(1,113,444)
h) Financial Expenses	10	8,930	693,112	6,024	485,920
<b>3. CHANGES IN WORKING CAPITAL</b>		<b>116,390</b>	<b>9,034,174</b>	286,214	23,086,001
a) Inventories.		120,559	9,357,803	114,996	9,275,610
b) Trade and other accounts receivable		120,559	9,357,803	114,996	9,275,610
c) Other current assets		2,641	205,005	33,290	2,685,204
d) Creditors and other accounts payable		(61,867)	(4,802,146)	6,593	531,808
e) Other current liabilities		55,057	4,273,512	131,334	10,593,379
<b>4. OTHER CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>11,027</b>	<b>855,936</b>	7,780	627,524
a) Interest payments	9	(8,930)	(693,112)	(6,024)	(485,920)
c) Interest receivable	10	19,957	1,549,048	13,804	1,113,444
<b>5. CASH FLOW ON OPERATING ACTIVITIES</b>		<b>744,282</b>	<b>57,771,174</b>	1,016,872	82,020,919
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
<b>6. PAYMENTS FOR INVESTMENTS</b>		<b>(1,422,291)</b>	<b>(110,398,228)</b>	(1,722,450)	(138,932,849)
a) Group and Associated Companies		(1,183,736)	(91,881,567)	(1,012,921)	(81,702,222)
c) Fixed Assets	6	(197,079)	(15,297,293)	(708,520)	(57,149,218)
e) Other financial assets		(41,476)	(3,219,368)	(1,009)	(81,409)
<b>8. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(1,422,291)</b>	<b>(110,398,228)</b>	(1,722,450)	(138,932,849)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>10. RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES</b>		<b>132,604</b>	<b>10,292,714</b>	148,331	11,964,357
<b>a) Issue</b>		<b>516,330</b>	<b>40,077,529</b>	500,500	40,370,330
2. Amounts owed to credit institutions		300,000	23,286,000	500,000	40,330,000
3. Debts with Group and Associated Companies		189,038	14,673,160	0	0
4. Other debts		27,292	2,118,369	500	40,330
<b>b) Repayment and amortization</b>		<b>(383,726)</b>	<b>(29,784,815)</b>	(352,169)	(28,405,973)
2. Debts with credit institutions		(382,176)	(29,664,532)	(352,169)	(28,405,973)
4. Other debts		(1,550)	(120,283)	0	0
<b>12. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>132,604</b>	<b>10,292,714</b>	148,331	11,964,357
<b>E) NET INCREASE IN CASH OR CASH EQUIVALENTS</b>		<b>(545,405)</b>	<b>(42,334,340)</b>	(557,247)	(44,947,573)
Cash or cash equivalents at the beginning of the year	9	921,787	71,549,081	1,479,034	119,298,885
Cash or equivalents at the end of the year	9	376,382	29,214,741	921,787	74,351,312



**ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON 31<sup>ST</sup> MARCH 2019****1. THE COMPANY'S BUSINESS ACTIVITY**

- 1.1. HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1525.
- 1.2. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July the 22<sup>nd</sup>, 2011 a social agreement changes the financial year that in the corporate statutes was from October the 1<sup>st</sup> till September the 30<sup>th</sup>. However, on February the 1<sup>st</sup>, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April the 1<sup>st</sup> till March the 31<sup>st</sup>.
- 1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, of property, buildings, tourist complexes, hotels, farms and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the lease of commercial premises.
- 1.4. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán in Gran Canaria.
- 1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. . Furthermore the mentioned company belongs to a group which parent company is Mahindra & Mahindra limited, located in India.
- 1.6. On April 6, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned property for the amount of 3,170,602 Euros (237,700,032 Rupees) and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros (127,449,000 Rupees). The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the above mentioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above.

**2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS**

The figures contained in the Balance Sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

These annual accounts are presented for approval to the Annual General Meeting of Members.

**2.1. True and Fair View.**

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in

Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

**2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.**

At the closing of the financial period, estimations were used in the drafting of the annual accounts such as: calculation of the impairment of assets and estimations of the useful life of the assets, amongst others. Due to future events, it is possible that additional information to that existing at the time the annual accounts were drafted require modifying these estimations in future financial periods.

There are no significant uncertainties relating to events or conditions which would raise significant doubts about the possibility of the Company continuing to operate normally.

**2.3. Comparing Information.**

The figures corresponding to the Financial Year ending on March 31, 2019 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2017/18.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019.

**3. APPLICATION OF RESULTS.**

The proposal for the application of the results of the financial period ending March 31, 2019 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2018, is as follows:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Distribution Balance</b>		
Financial Period Profits	<b>266,823</b>	232,734
<b>Distribution</b>		
Reserve for investments on Canary Islands	<b>128,036</b>	190,000
Voluntary Reserves	<b>138,787</b>	42,734
<b>Totals</b>	<b>266,823</b>	232,734
<b>Rupees</b>		
<b>Distribution Balance</b>		
Financial Period Profits	<b>20,710,777</b>	18,772,319
<b>Distribution</b>		
Reserve for investments on Canary Islands	<b>9,938,154</b>	15,325,400
Voluntary Reserves	<b>10,772,623</b>	3,446,919
<b>Totals</b>	<b>20,710,777</b>	18,772,319

**4. RECOGNITION AND MEASUREMENT REGULATIONS.**

The main accounting principles and practices applied in the drafting of the Annual Accounts, follow current legislation, highlighting the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance as most significant.

The most significant accounting criteria applied in the drafting of the Annual Accounts are the following ones:

**4.1. Intangible Fixed Assets.**

The intangible fixed assets are comprised of Goodwill.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value. The Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

#### 4.2. Tangible Fixed Assets.

These have been measured at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	2,5-3 %
Machinery	7-12 %
Other installations	8-12%
Furniture	10-25 %
IT Equipment	25 %
Transport elements	16%
Other intangible assets	12-20 %

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

#### 4.3. Real-estate Investments.

The Company classifies as Real-estate Investments, those buildings which are not being used for the production process and the profits from which are obtained through revenue from leases. The recording and measurement criteria are the same as applied to intangible fixed assets. They are amortised linearly and the percentage applied is 3 per cent.

The Company's administrators consider that the accounting value of these assets do not exceed their recoverable value.

#### 4.4. Financial Instruments.

The Company's financial instruments are classified as:

- a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

- b) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are measured at their face value. Interest accrued is accounted for in

the Profit and Loss Account, applying the Effective Interest Rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations governing recording and measurement relating to financial instruments.

#### 4.5. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

#### 4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an expense during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income and expense have also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation and short term provisions allocated in previous financial periods and which are respectively, tax deductible.

#### 4.7. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

#### 4.8. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving therefrom arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status exists.

#### 4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

#### 4.10. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

**5. INTANGIBLE FIXED ASSETS**

5.1. As indicated in Note 1.6, during the 2011 financial period the Company acquired the goodwill corresponding to the business of administration and maintenance for the amount of 1.700.000 Euros (131,954,000 Rupees). The transactions occurred during the financial periods 2017/18 and 2018/19 were the following:

<b>Euros</b>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Goodwill	1,700,000	-	-	<b>1,700,000</b>
Accumulated amortization	(340,000)	(170,000)	-	<b>(510,000)</b>
<b>Net Totals</b>	<b>1,360,000</b>			<b>1,190,000</b>

	Balance 30.03.17	Acquisitions	Disposals	Balance 31.03.18
Goodwill	1,700,000	-	-	1,700,000
Accumulated amortization	(170,000)	(170,000)	-	(340,000)
<b>Net Totals</b>	<b>1,530,000</b>			<b>1,360,000</b>

<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
Goodwill	137,121,994	(5,167,994)	-	-	<b>131,954,000</b>
Accumulated amortization	(27,424,400)	1,033,591	(13,195,400)	-	<b>(39,586,209)</b>
<b>Net Totals</b>	<b>109,697,594</b>				<b>92,367,791</b>

	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Goodwill	117,742,000	19,379,994	-	-	137,121,994
Accumulated amortization	(11,774,203)	(1,937,997)	(13,712,200)	-	(27,424,400)
<b>Net Totals</b>	<b>105,967,797</b>				<b>109,697,594</b>

5.2. There is no evidence of impairment through March 31, 2019 on any of the elements in the Intangible Fixed Assets.

**6. TANGIBLE FIXED ASSETS**

6.1. The transactions occurring during the 2017/18 and 2018/19 periods were the following:

<b>Euros</b>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
<b>Gross Costs</b>				
Buildings	3,065,052	5,150	217,402	<b>3,287,604</b>
Machinery	62,532	22,292	-	<b>84,824</b>
Other facilities	164,117	4,000	-	<b>168,117</b>
Furniture	178,830	19,056	-	<b>197,886</b>
Transportation elements	27,195	353	-	<b>27,548</b>
IT Equipment	50,393	-	-	<b>50,393</b>
Other tangible fixed assets	387,746	7,529	-	<b>395,275</b>
Advances and fixed assets in progress	11,030	138,700	(11,030)	<b>138,700</b>
<b>Totals</b>	<b>3,946,895</b>	<b>197,079</b>	<b>206,372</b>	<b>4,350,346</b>

<b>Accumulated amortization</b>				
Buildings	292,636	64,125	25,092	<b>381,853</b>
Machinery	26,515	9,120	-	<b>35,634</b>
Other installations	43,351	19,998	-	<b>63,349</b>

<b>Euros</b>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Furniture	19,932	22,017	-	<b>41,949</b>
IT Equipment	14,748	4,115	-	<b>18,863</b>
Transportation elements	15,456	8,064	-	<b>23,520</b>
Other tangible fixed assets	377,506	3,466	-	<b>380,972</b>
<b>Totals</b>	<b>790,143</b>	<b>130,905</b>	<b>25,092</b>	<b>946,140</b>
<b>Net Totals</b>	<b>3,156,753</b>			<b>3,404,207</b>

	Balance 31.03.17	Acquisitions	Disposals	Balance 31.03.18
<b>Gross Costs</b>				
Buildings	2,548,123	516,929	-	3,065,052
Machinery	31,667	30,865	-	62,532
Other facilities	136,941	27,176	-	164,117
Furniture	57,945	120,885	-	178,830
IT Equipment	16,229	10,966	-	27,195
Transportation elements	50,393	-	-	50,393
Other tangible fixed assets	386,047	1,699	-	387,746
Advances and fixed assets in progress	11,030	-	-	11,030
<b>Totals</b>	<b>3,238,375</b>	<b>708,520</b>	<b>-</b>	<b>3,946,895</b>

<b>Accumulated amortization</b>				
Buildings	246,718	45,918	-	292,636
Machinery	18,241	8,274	-	26,515
Other installations	25,040	18,311	-	43,351
Furniture	10,078	9,854	-	19,932
IT Equipment	12,763	1,985	-	14,748
Transportation elements	7,392	8,064	-	15,456
Other tangible fixed assets	336,705	40,801	-	377,506
<b>Totals</b>	<b>656,936</b>	<b>133,207</b>	<b>-</b>	<b>790,143</b>
<b>Net Totals</b>	<b>2,581,440</b>			<b>3,156,753</b>

<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
<b>Gross Costs</b>					
Buildings	247,227,082	(9,317,758)	399,743	16,874,722	<b>255,183,789</b>
Machinery	5,043,823	(190,097)	1,730,274	-	<b>6,584,000</b>
Other facilities	13,237,657	(498,915)	310,480	-	<b>13,049,222</b>
Furniture	14,424,440	(543,644)	1,479,096	-	<b>15,359,892</b>
Transportation elements	2,193,541	(82,673)	27,400	-	<b>2,138,269</b>
IT Equipment	4,064,688	(153,194)	-	-	<b>3,911,494</b>
Other tangible fixed assets	31,275,592	(1,178,748)	584,423	-	<b>30,681,268</b>
Advances and fixed assets in progress	889,680	(33,531)	10,765,877	(856,149)	<b>10,765,877</b>
<b>Totals</b>	<b>318,356,504</b>	<b>(11,998,559)</b>	<b>15,297,293</b>	<b>16,018,573</b>	<b>337,673,811</b>

<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
<b>Accumulated amortization</b>					
Buildings	23,604,059	(889,617)	4,977,383	1,947,641	<b>29,639,466</b>
Machinery	2,138,635	(80,605)	707,862	-	<b>2,765,892</b>
Other installations	3,496,634	(131,786)	1,552,270	-	<b>4,917,117</b>
Furniture	1,607,694	(60,594)	1,708,955	-	<b>3,256,055</b>
IT Equipment	1,189,561	(44,835)	319,405	-	<b>1,464,131</b>
Transportation elements	1,246,641	(46,986)	625,928	-	<b>1,825,582</b>
Other tangible fixed assets	30,449,573	(1,147,617)	269,069	-	<b>29,571,026</b>
<b>Totals</b>	<b>63,732,798</b>	<b>(2,402,040)</b>	<b>10,160,870</b>	<b>1,947,641</b>	<b>73,439,270</b>
<b>Net Totals</b>	<b>254,623,706</b>				<b>264,234,541</b>
<b>Gross Costs</b>					
Buildings	176,482,999	34,941,591	41,695,481	-	247,227,082
Machinery	2,193,223	712,864	2,489,602	-	5,043,823
Other facilities	9,484,541	1,870,931	2,191,988	-	13,237,657
Furniture	4,013,271	2,038,664	9,750,596	-	14,424,440
Transportation elements	1,124,021	310,022	884,510	-	2,193,541
IT Equipment	3,490,209	574,479	-	-	4,064,688
Other tangible fixed assets	26,737,615	4,420,304	137,041	-	31,275,592
Advances and fixed assets in progress	763,938	125,742	-	-	889,680
<b>Totals</b>	<b>224,289,817</b>	<b>44,994,596</b>	<b>57,149,218</b>	<b>-</b>	<b>318,356,504</b>
<b>Accumulated amortization</b>					
Buildings	17,087,689	3,336,056	3,703,785	-	23,604,059
Machinery	1,263,338	302,267	667,356	-	2,138,635
Other installations	1,734,236	494,199	1,476,948	-	3,496,634
Furniture	697,968	227,228	794,843	-	1,607,694
IT Equipment	883,931	168,131	160,138	-	1,189,561
Transportation elements	511,936	176,198	650,442	-	1,246,641
Other tangible fixed assets	23,320,170	4,303,563	3,290,969	-	30,449,573
<b>Totals</b>	<b>45,499,269</b>	<b>9,007,642</b>	<b>10,744,481</b>	<b>-</b>	<b>63,732,798</b>
<b>Net Totals</b>	<b>178,790,550</b>				<b>254,623,706</b>

- 6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,147,843 euros (89,098,574 Rupees) and 2,139,761 euros (166,088,249 Rupees), respectively.
- 6.3. Acquisitions during the financial period 2017/18 mostly to the building of new apartments in some of the resorts owned by the company.
- 6.4. Advances and fixed assets in progress during the period 2018/19 for the amount of 138,700 Euros (10,765,894 Rupees) correspond to refurbishment of the pool bar in one of the resorts.
- 6.5. During the period have been transferred to tangible assets, for the net account value of 181,280 Euros (14,070,954 Rupees) buildings of real estate investments that are now run directly by the company. They are a restaurant and a pool bar (See note 7.3).

- 6.6. There is a transport element connected to a financial lease for the amount of 50,393 Euros (3,911,505 Rupees).
- 6.7. There is a fully depreciated transport element in use at March 31, 2019 for the amount of 398,183 Euros (30,906,964 Rupees). (398,152 Euros (30,905,558 Rupees) on March 31<sup>st</sup>, 2018.
- 6.8. There are no signs of impairment through March 31, 2019 for the elements in the Tangible Fixed Assets.
- 6.9. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

## 7. REAL-ESTATE INVESTMENTS

- 7.1. The transactions occurring during the 2017/18 and 2018/19 periods were the following:

<b>Euros</b>	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19	
Buildings	848,003	-	(206,372)	<b>641,631</b>	
Accumulated amortisation	(103,105)	(11,164)	25,092	<b>(89,178)</b>	
<b>Net Totals</b>	<b>744,898</b>			<b>552,454</b>	
<b>Rupees</b>	Balance 30.03.17	Acquisitions	Disposals	Balance 31.03.18	
Buildings	848,003	-	-	<b>848,003</b>	
Accumulated amortisation	(88,350)	(14,755)	-	<b>(103,105)</b>	
<b>Net Totals</b>	<b>759,653</b>			<b>744,898</b>	
<b>Rupees</b>	Balance 31.03.18	Exchange rate	Acquisitions	Disposals	Balance 31.03.19
Buildings	68,399,922	(2,577,929)	-	(16,018,573)	<b>49,803,420</b>
Accumulated amortisation	(8,316,462)	313,440	(866,584)	1,947,631	<b>(6,921,976)</b>
<b>Net Totals</b>	<b>60,083,460</b>				<b>42,881,444</b>
<b>Rupees</b>	Balance 31.03.17	Exchange rate	Acquisitions	Disposals	Balance 31.03.18
Buildings	58,732,689	9,667,233	-	-	<b>68,399,922</b>
Accumulated amortisation	(6,119,111)	(1,007,186)	(1,190,164)	-	<b>(8,316,462)</b>
<b>Net Totals</b>	<b>52,613,578</b>				<b>60,083,460</b>

- 7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 269,485 Euros (20,917,426 Rupees) and 372,146 Euros (28,885,973 Rupees), respectively.
- 7.3. During the period have been transferred to tangible assets, for the net account value of 181,280 Euros (14,070,954 Rupees) buildings of real estate investments that are now run directly by the company. They are a restaurant and a pool bar (See note 6.5).
- 7.4. The Company's Real-estate investments for rental have generated revenue of 74,268 Euros (5,764,682 Rupees) and 104,248 Euros (8,091,730 Rupees) during the financial periods 2018/19 y 2017/18 respectively and correspond for the period 2017/18 to three restaurants, a pool-bar, a hairdressers' salon and a diving centre and two restaurants, a hairdressers' salon and a diving centre for the period 2018/19.
- 7.5. The main expenditures for these properties correspond to allocation for amortisation.
- 7.6. There are no signs of impairment through March 31, 2019 for the elements in the Real-estate investments.

7.7. The Real-estate investments are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up-to-date.

**8. LEASES AND OTHER SIMILAR OPERATIONS**

**Financial leases**

8.1. The amount for which the fixed asset liable to a financial lease has initially been recognized is 50,393 Euros (3,911,505 Rupees) and corresponds to a transport element for the amount of (see note 6.6). The asset has been recorded at fair value.

8.2. The reconciliation between the minimum future payments and the current value at the end of the 2018/19 and 2017/18 financial periods is the following (see note 10.6):

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Total amount of minimum future payments at the end of the period	<b>2,886</b>	20,202
Financial expenses not accrued	<b>(5)</b>	(420)
<b>Current value to the end of the period (note 10.6)</b>	<b>2,881</b>	19,782
<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Total amount of minimum future payments at the end of the period	<b>224,014</b>	1,629,516
Financial expenses not accrued	<b>(369)</b>	(33,879)
<b>Current value to the end of the period (note 10.6)</b>	<b>223,645</b>	1,595,637

**9. FINANCIAL ASSETS.**

**Information related to the Balance Sheet.**

9.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, Jointly-controlled group and associated companies) by categories is as follows:

<b>Euros</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
<b>Long-term Financial Assets</b>	<b>31.03.19</b>	31.03.18	<b>31.03.19</b>	31.03.18	<b>31.03.19</b>	31.03.18
Loans and Receivables	-	-	-	-	<b>41,409</b>	-
<b>Totals</b>	-	-	-	-	<b>41,409</b>	-
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	<b>4,114,772</b>	3,042,405
Liquid Assets	-	-	-	-	<b>376,382</b>	921,787
<b>Totals</b>	-	-	-	-	<b>4,491,153</b>	3,964,191
<b>Rupees</b>	<b>Equity Instruments</b>		<b>Debt Securities</b>		<b>Credits/Derivatives/Others</b>	
<b>Long-term Financial Assets</b>	<b>31.03.19</b>	31.03.18	<b>31.03.19</b>	31.03.18	<b>31.03.19</b>	31.03.18
Loans and Receivables	-	-	-	-	<b>3,214,150</b>	-
<b>Totals</b>	-	-	-	-	<b>3,214,150</b>	4,450,904
<b>Short- term Financial Assets</b>						
Loans and Receivables	-	-	-	-	<b>319,388,585</b>	245,400,374
Liquid Assets	-	-	-	-	<b>29,214,741</b>	74,351,312
<b>Totals</b>	-	-	-	-	<b>348,603,325</b>	247,075,649

8.3. The minimum lease payments and their current value, at the end of the financial years 2018/19 and 2017/18, by maturity are as follows:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Minimum payment</b>		
Up to 1 year	<b>2,886</b>	17,316
From 1 to 5 years	-	2,886
<b>Current value</b>		
Up to 1 year	<b>2,881</b>	16,901
From 1 to 5 years	-	2,881
<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Minimum payment</b>		
Up to 1 year	<b>224,014</b>	1,396,728
From 1 to 5 years	-	232,788
<b>Current value</b>		
Up to 1 year	<b>223,645</b>	1,363,233
From 1 to 5 years	-	232,404

8.4. The value of the purchase option of the items liable to a financial lease is 1,443 Euros (112,006 Rupees).

8.5. The amount of the contingent fees recognized as expenses for the 2018/19 and 2017/18 financial years is 415 Euros (32,212 Rupees) and 1,061 Euros (82,355 Rupees), respectively.

9.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

**Euros**

Financial Assets	2019/20	2020/21	2021/22	2022/23	2023/24	Next	Total I/t
<b>Investments in Group and Associated Companies</b>	<b>3,473,866</b>	-	-	-	-	-	-
Loans to companies	3,473,866						
<b>Short-term financial investments</b>	<b>1,557</b>	-	-	-	-	<b>41,409</b>	<b>41,409</b>
Other financial assets	1,557	-	-	-	-	41,409	41,409
<b>Commercial Debts and other Receivables.</b>	<b>639,349</b>	-	-	-	-	-	-
Customer receivables for sales and services.	636,703	-	-	-	-	-	-
Sundry Receivables	890	-	-	-	-	-	-
Personnel	1,756	-	-	-	-	-	-
<b>Cash and other Liquid Assets.</b>	<b>376,382</b>	-	-	-	-	-	-
Liquid Assets	376,382	-	-	-	-	-	-
<b>Totals</b>	<b>4,491,153</b>	-	-	-	-	-	<b>41,409</b>

**Rupees**

Financial Assets	2019/20	2020/21	2021/22	2022/23	2023/24	Next	Total I/t
<b>Investments in Group and Associated Companies</b>	<b>269,641,511</b>	-	-	-	-	-	-
Loans to companies	269,641,511						
<b>Short-term financial investments</b>	<b>120,816</b>	-	-	-	-	3,214,150	3,214,150
Other financial assets	120,816	-	-	-	-	3,214,150	3,214,150
<b>Commercial Debts and other Receivables.</b>	<b>49,626,259</b>	-	-	-	-	-	-
Customer receivables for sales and services.	49,420,860	-	-	-	-	-	-
Sundry Receivables	69,072	-	-	-	-	-	-
Personal	136,326	-	-	-	-	-	-
<b>Cash and other Liquid Assets.</b>	<b>29,214,741</b>	-	-	-	-	-	-
Liquid Assets	29,214,741	-	-	-	-	-	-
<b>Totals</b>	<b>348,603,325</b>	-	-	-	-	<b>3,214,150</b>	<b>3,214,150</b>

9.3. Corrections due to Impairment caused by Credit Risk.

No variations due to impairment have been applied to the corrective accounts during the financial periods 2018/19 and 2017/18.

**Information relating to the Profit & Loss Account.**9.4. Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 19.957 Euros (1.549.062 Rupees) and 13.804 Euros (1.071.466 Rupees) for the financial periods 2018/19 and 2017/18 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

**Other Information.**9.5. Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9<sup>th</sup> Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

9.6. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit to clients and debtors are granted based on a preliminary solvency study and strict follow-up of credits and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

**10. FINANCIAL LIABILITIES.**

**Information related to the Balance Sheet.**

10.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

**Euros**

	Debits with Credit Institutions		Bonds y Other Market Securities		Derivatives/Others	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
<b>Long-term financial Liabilities</b>						
Debits and Payables	127,463	170,771	-	-	1,100	2,650
<b>Totals.</b>	<b>127,463</b>	<b>170,771</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>2,650</b>
<b>Short-term Financial Liabilities</b>						
Debits and Payables	270,194	309,062	-	-	1,402,544	1,176,703
<b>Totals.</b>	<b>270,194</b>	<b>309,062</b>	<b>-</b>	<b>-</b>	<b>1,402,544</b>	<b>1,176,703</b>

**Rupees**

	Debits with Credit Institutions		Bonds y Other Market Securities		Derivatives/Others	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
<b>Long-term financial Liabilities</b>						
Debits and Payables	9,893,671	13,774,386	-	-	85,382	213,746
<b>Totals.</b>	<b>9,893,671</b>	<b>13,774,386</b>	<b>-</b>	<b>-</b>	<b>85,382</b>	<b>213,746</b>
<b>Short-term Financial Liabilities</b>						
Debits and Payables	20,972,449	24,928,959	-	-	108,865,435	94,912,904
<b>Totals.</b>	<b>20,972,449</b>	<b>24,928,959</b>	<b>-</b>	<b>-</b>	<b>108,865,435</b>	<b>94,912,904</b>

10.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

**Euros**

Financial Liabilities	2019/20	2020/21	2021/22	2022/23	2023/24	Next	Total I/t
<b>Debts</b>	<b>316,485</b>	101,683	25,780	-	-	1,100	128,563
Debits with Credit Institutions	267,313	101,683	25,780	-	-	-	127,463
Creditors for financial leases	2,881	-	-	-	-	-	-
Other financial liabilities	46,292	-	-	-	-	1,100	1,100
<b>Debts with Group and Associated Companies</b>	<b>1,142,412</b>	-	-	-	-	-	-
<b>Trade Creditors and other accounts payable</b>	<b>213,840</b>	-	-	-	-	-	-
Sundry Creditors	205,879	-	-	-	-	-	-
Staff (salaries pending payment)	7,961	-	-	-	-	-	-
<b>Totals</b>	<b>1,672,737</b>	<b>101,683</b>	<b>25,780</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>128,563</b>

**Rupees**

Financial Liabilities	2019/20	2020/21	2021/22	2022/23	2023/24	Next	Total I/t
<b>Debts</b>	<b>24,565,598</b>	7,892,647	2,001,024	-	-	85,382	9,979,053
Debits with Credit Institutions	20,748,804	7,892,647	2,001,024	-	-	-	9,893,671
Creditors for financial leases	223,645	-	-	-	-	-	-
Other financial liabilities	3,593,149	-	-	-	-	85,382	85,382
<b>Debts with Group and Associated Companies</b>	<b>88,674,008</b>	-	-	-	-	-	-
<b>Trade Creditors and other accounts payable</b>	<b>16,598,278</b>	-	-	-	-	-	-
Sundry Creditors	15,980,319	-	-	-	-	-	-
Staff (salaries pending payment)	617,958	-	-	-	-	-	-
<b>Totals</b>	<b>129,837,884</b>	<b>7,892,647</b>	<b>2,001,024</b>	<b>-</b>	<b>-</b>	<b>85,382</b>	<b>9,979,053</b>

**Information related to the Profit & Loss Account**

10.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 8.930 Euros (693.147 Rupees) and 6,024 Euros (467,583 Rupees) for the financial periods 2018/19 and 2017/18, respectively.

**Other Information**

10.4. Reasonable Value

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

10.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

10.6. Other Information about Financial Instruments.

a) Debts with credit institutions show the following breakdown:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Personal secured loans	<b>394,776</b>	460,051
Leasing (note 8.2)	<b>2,881</b>	19,782
<b>Totals</b>	<b>397,657</b>	479,833
<b>Rupees</b>	<b>2016/17</b>	<b>2016/17</b>
Personal secured loans	30,642,475	37,107,708
Leasing (note 8.2)	223,645	1,595,637
<b>Totals</b>	<b>30,866,120</b>	<b>38,703,345</b>

b) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum.

10.7. Accrual adjustments

On January, every year, the company issues the maintenance fees invoices for every week. At the end of the financial period there are, in the heading of accrual adjustments, the proportional part of the not accrued months on March 31<sup>st</sup> 2019 for the amount of 3,772,134 Euros (292,793,041 Rupees). It was 3,714,594 Euros (288,326,786 Rupees) on March 31<sup>st</sup> 2018.

**11. SHAREHOLDERS' EQUITY**

11.1. The share capital, for an amount of 3,100 Euros (240,622 Rupees), comprises 31 shares of 100 Euros (7,762 Rupees) face value each.

11.2. The Canary Islands Investments Reserve Fund for the amount of 860,000 Euros (66,753,200 Rupees), is subject to the availability limitations established in the tax regulations.

11.3. The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

11.4. The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Voluntary Reserves	<b>2,161,751</b>	2,119,018
Canary Islands Investment Reserves	<b>860,000</b>	670,000
Goodwill Reserves	<b>517,151</b>	517,151
<b>Totals</b>	<b>3,538,903</b>	3,306,169
<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Voluntary Reserves	<b>167,795,142</b>	170,919,985
Canary Islands Investment Reserves	<b>66,753,200</b>	54,042,163
Goodwill Reserves	<b>40,141,288</b>	41,713,428
<b>Totals</b>	<b>274,689,630</b>	<b>266,675,575</b>

**12. TAX POSITION.**

**Profit Tax.**

12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27<sup>th</sup> November of the profit tax, which approved the revised text from the Law of Corporate Tax. The Tax Group comprises the following corporations:

Parent: HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U.

Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. AND HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U.

12.2. Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

<b>Euros</b>	<b>Profit &amp; Loss Account</b>	<b>Inc. &amp; expend. directly attributable to Equity</b>
<b>Balance of income and expenditure for the financial year</b>	<b>266,823</b>	-
<b>Tax over benefits</b>	<b>77,256</b>	-
<b>Profit Tax</b>	<b>69,786</b>	-
Current Tax	7,470	-
<b>Deferred Tax</b>		
Donations	6,540	-
Goodwill Deduction	85,000	-
<b>Temporary Differences</b>		
70% Limit Amortization	(7,210)	-
Reserve for investments in the Canary Islands	(128,036)	-
Provisions (Art. 14 LIS)	(21,228)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>279,145</b>	

<b>Rupees</b>	<b>Profit &amp; Loss Account</b>	<b>Inc. &amp; expend. directly attributable to Equity</b>
<b>Balance of income and expenditure for the financial year</b>	<b>20,710,777</b>	-
<b>Tax over benefits</b>	<b>5,996,636</b>	-
<b>Profit Tax</b>	<b>5,416,819</b>	-
Current Tax	579,817	-
Deferred Tax		
<b>Donations</b>	<b>507,653</b>	-
Goodwill Deduction	6,597,700	-
<b>Temporary Differences</b>		
70% Limit Amortization	(559,632)	-
Reserve for investments in the Canary Islands	(9,938,149)	-
Provisions (Art. 14 LIS)	(1,647,713)	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>21,667,273</b>	

12.3. Corporate Tax Settlement.

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions; additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. for the amount of 279.145 Euros (21,667,235 Rupees), is subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.



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By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below.

<u>Euros</u>	2018/19	2017/18
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	-	(569,673)
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	-	(569,673)
<b>Group Gross Tax payable</b>	-	-
<b>Rupees</b>	2018/19	2017/18
<b>Previous Group Tax Base</b>	-	-
<b>Negative Group Tax base from previous financial years</b>	-	(45,949,824)
<b>Group Tax Base</b>	-	-
<b>Corporate income tax payable (25% x taxable base)</b>	-	(45,949,824)
<b>Group Gross Tax payable</b>	-	-

12.4. Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

<u>Euros</u>	2018/19	2017/18
<b>1. Current Tax</b>	<b>69,786</b>	75,122
<b>2. Deferred tax</b>	<b>7,470</b>	(32,063)
- deductible temporary differences that are activated in the period	<b>50,321</b>	(48,158)
- deductible temporary differences that are deducted in the period	<b>(42,851)</b>	16,095
<b>3. Total expenditure on Income Tax</b>	<b>77,256</b>	43,059
<b>Rupees</b>	2018/19	2017/18
<b>1. Current Tax</b>	<b>5,416,819</b>	6,059,305
<b>2. Deferred tax</b>	<b>579,817</b>	(2,586,195)
- deductible temporary differences that are activated in the period	<b>3,905,889</b>	(3,884,398)
- deductible temporary differences that are deducted in the period	<b>(3,326,071)</b>	1,298,203
<b>3. Total expenditure on Income Tax</b>	<b>5,996,636</b>	3,473,109

12.5. Deductions for Investments.

Using the interest rate (25 percent) in the investments during the financial period 2017/18 the company obtains an amount which is subject to deduction of 63,382 Euros (4,919,711 Rupees). It means that in March 31<sup>st</sup> 2019 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

12.6. Deferred Tax Assets.

Transactions during the financial periods 2017/18 and 2018/19 found in this heading have been the following:

<u>Euros</u>	Balance 31.03.18	Acquisitions	Applications	Balance 31.03.19
- Temporary differences for non-deductible provisions	48,158	42,851	(48,158)	<b>42,851</b>
- Temporary differences, 70% limit fiscal amortisation	16,222	-	(2,163)	<b>14,059</b>
<b>Totals</b>	<b>64,380</b>	<b>42,851</b>	<b>(50,321)</b>	<b>56,910</b>

	Balance 31.03.17	Acquisitions	Applications	Balance 31.03.18
- Temporary differences for non-deductible provisions	13,932	48,158	(13,932)	48,158
- Temporary differences, 70% limit fiscal amortisation	18,385	-	(2,163)	16,222
<b>Totals</b>	<b>32,317</b>	<b>48,158</b>	<b>(16,095)</b>	<b>64,380</b>

<u>Rupees</u>	Balance 31.03.18	Exchange rate	Acquisitions	Applications	Balance 31.03.19
- Temporary differences for non-deductible provisions	3,884,415	(146,400)	3,326,071	(3,738,015)	3,326,071
- Temporary differences, 70% limit fiscal amortisation	1,308,469	(49,296)	-	(167,892)	1,091,281
<b>Totals</b>	<b>5,192,885</b>	<b>(195,696)</b>	<b>3,326,071</b>	<b>(3,905,907)</b>	<b>4,417,353</b>

<u>Rupees</u>	Balance 31.03.17	Exchange rate	Acquisitions	Applications	Balance 31.03.18
- Temporary differences for non-deductible provisions	964,930	158,825	3,884,398	(1,123,738)	3,884,415
- Temporary differences, 70% limit fiscal amortisation	1,273,345	209,589	-	(174,465)	1,308,469
<b>Totals</b>	<b>2,238,275</b>	<b>368,414</b>	<b>3,884,398</b>	<b>(1,298,203)</b>	<b>5,192,885</b>

12.7. The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial period 2018/2019, the situation of the Canary Islands Investment Reserve is as follows:

<u>Euros</u>	2012/13	2013/14	2017/18	2018/19
Item				
Provisions.	245,000	425,000	190,000	128,036
<b>Investments made</b>				
Financial Period 2013/14	(17,221)	-	-	-
Financial Period 2014/15	(191,443)	-	-	-
Financial Period 2015/16	(36,336)	(42,173)	-	-
Financial Period 2016/17	-	(117,833)	-	-
Financial Period 2017/18	-	(264,993)	(190,000)	-
Financial Period 2018/19	-	-	-	(69,409)
Expiration 2022/2023	-	-	-	58,626

<u>Rupees</u>	2012/13	2013/14	2017/18	2018/19
Item				
Provisions.	16,968,700	29,435,500	15,325,400	<b>9,938,154</b>
<b>Investments made</b>				
Financial Period 2013/14	(1,192,726)	-	-	-
Financial Period 2014/15	(13,259,342)	-	-	-
Financial Period 2015/16	(2,516,631)	(2,920,902)	-	-
Financial Period 2016/17	-	(8,161,114)	-	-
Financial Period 2018/19	-	(18,353,484)	(15,325,400)	<b>(5,387,565)</b>
Expiration 2022/2023	-	-	-	<b>4,550,589</b>

Specifically, investments made in the financial period 2013/2014 for which the Canary Island Investment Reserve was materialised, were the following:

**Euros**

Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
21301001	Machinery	01.03.2014	1,103	1,103
21301001	Machinery	13.03.2014	690	690
21301001	Machinery	13.08.2014	1,152	1,152
21301001	Machinery	15.09.2014	12,015	12,015
<b>TOTAL MACHINERY</b>			<b>14,961</b>	<b>14,961</b>
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
<b>TOTAL FURNITURE</b>			<b>2,260</b>	<b>2,260</b>

**Rupees**

Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
21301001	Machinery	01.03.2014	82,692	82,692
21301001	Machinery	13.03.2014	51,729	51,729
21301001	Machinery	13.08.2014	86,365	86,365
21301001	Machinery	15.09.2014	900,765	900,765
<b>TOTAL MACHINERY</b>			<b>1,121,626</b>	<b>1,121,626</b>
201608002	Furniture	29.11.2013	157,212	157,212
201608002	Furniture	22.11.2013	12,220	12,220
<b>TOTAL FURNITURE</b>			<b>169,432</b>	<b>169,432</b>

Throughout the financial period 2014/2015 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

**Euros**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	4,020	4,020
21108022	Construction/Buildings	28.02.2015	6,759	6,759
21108022	Construction/Buildings	28.02.2015	392	392
21108022	Construction/Buildings	28.02.2015	329	329
21108022	Construction/Buildings	28.02.2015	15,212	15,212
21108022	Construction/Buildings	31.03.2015	2,183	2,183
21108022	Construction/Buildings	30.09.2015	76,825	76,825
<b>TOTAL CONSTRUCTION</b>			<b>105,720</b>	<b>105,720</b>
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	31.05.2015	562	562
21301001	Machinery	30.06.2015	601	601
21301001	Machinery	30.07.2015	601	601
<b>TOTAL MACHINERY</b>			<b>5,074</b>	<b>5,074</b>
21508001	Other Facilities	31.05.2015	5,646	5,646
21508001	Other Facilities	17.06.2015	1,096	1,096
21508001	Other Facilities	17.06.2015	586	586
21508001	Other Facilities	29.09.2015	4,056	4,056
21508001	Other Facilities	30.09.2015	68,175	68,175
<b>TOTAL OTHER FACILITIES</b>			<b>79,558</b>	<b>79,558</b>

**Euros**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
<b>TOTAL FURNITURE</b>			<b>1,091</b>	<b>1,091</b>

**Rupees**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	301,379	301,379
21108022	Construction/Buildings	28.02.2015	506,722	506,722
21108022	Construction/Buildings	28.02.2015	29,388	29,388
21108022	Construction/Buildings	28.02.2015	24,665	24,665
21108022	Construction/Buildings	28.02.2015	1,140,444	1,140,444
21108022	Construction/Buildings	31.03.2015	163,660	163,660
21108022	Construction/Buildings	30.09.2015	5,759,570	5,759,570
<b>TOTAL CONSTRUCTION</b>			<b>7,925,828</b>	<b>7,925,828</b>
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	28.02.2015	82,692	82,692
21301001	Machinery	31.05.2015	42,133	42,133
21301001	Machinery	30.06.2015	45,057	45,057
21301001	Machinery	30.07.2015	45,057	45,057
<b>TOTAL MACHINERY</b>			<b>380,398</b>	<b>380,398</b>
21508001	Other Facilities	31.05.2015	423,281	423,281
21508001	Other Facilities	17.06.2015	82,167	82,167
21508001	Other Facilities	17.06.2015	43,932	43,932
21508001	Other Facilities	29.09.2015	304,078	304,078
21508001	Other Facilities	30.09.2015	5,111,080	5,111,080
<b>TOTAL OTHER FACILITIES</b>			<b>5,964,463</b>	<b>5,964,463</b>
201608001	Furniture	28.10.2014	32,762	32,762
201608001	Furniture	01.12.2014	49,030	49,030
<b>TOTAL FURNITURE</b>			<b>81,792</b>	<b>81,792</b>

Throughout the financial period 2015/2016 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	8,027	8,027	-
21108005	Constructions	20.11.2015	1,950	1,950	-
21108005	Constructions	24.12.2015	1,565	1,565	-
21108005	Constructions	24.12.2015	1,450	1,450	-
21108005	Constructions	24.12.2015	1,499	1,499	-
21108005	Constructions	24.12.2015	8,027	8,027	-
21108005	Constructions	31.01.2016	1,950	1,950	-
21108008	Constructions	31.01.2016	2,370	2,370	-
<b>TOTAL CONSTRUCTIONS</b>			<b>26,837</b>	<b>26,837</b>	<b>-</b>
21301001	Machinery	31.01.2016	1,036	-	1,036
21301001	Machinery	31.01.2016	4,514	-	4,514
<b>TOTAL MACHINERY</b>			<b>5,550</b>	<b>-</b>	<b>5,550</b>
21508001	Other facilities	30.11.2015	5,271	5,271	-
21508001	Other facilities	01.12.2015	30,707	320	30,387
21508001	Other facilities	31.12.2015	2,409	2,409	-

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Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21508001	Other facilities	31.01.2016	1,499	1,499	-
<b>TOTAL OTHER FACILITIES</b>			<b>39,886</b>	<b>9,499</b>	<b>30,387</b>
21608001	Furniture	02.01.2016	1,036	-	1,036
<b>TOTAL FURNITURE</b>			<b>1,036</b>	<b>-</b>	<b>1,036</b>
21708001	IT equipment	18.12.2015	5,024	-	5,024
21708001	IT equipment	18.12.2015	176	-	176
<b>TOTAL IT EQUIPMENT</b>			<b>5,200</b>	<b>-</b>	<b>5,200</b>

**Rupees**

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	601,784	601,784	-
21108005	Constructions	20.11.2015	146,192	146,192	-
21108005	Constructions	24.12.2015	117,328	117,328	-
21108005	Constructions	24.12.2015	108,707	108,707	-
21108005	Constructions	24.12.2015	112,380	112,380	-
21108005	Constructions	24.12.2015	601,784	601,784	-
21108005	Constructions	31.01.2016	146,192	146,192	-
21108008	Constructions	31.01.2016	177,679	177,679	-
<b>TOTAL CONSTRUCTIONS</b>			<b>2,011,970</b>	<b>2,011,970</b>	<b>-</b>
21301001	Machinery	31.01.2016	77,669	-	77,669
21301001	Machinery	31.01.2016	338,415	-	338,415
<b>TOTAL MACHINERY</b>			<b>416,084</b>	<b>-</b>	<b>416,084</b>
21508001	Other facilities	30.11.2015	395,167	395,167	-
21508001	Other facilities	01.12.2015	2,302,104	23,990	2,278,113
21508001	Other facilities	31.12.2015	180,603	180,603	-
21508001	Other facilities	31.01.2016	112,380	112,380	-
<b>TOTAL OTHER FACILITIES</b>			<b>2,990,253</b>	<b>712,140</b>	<b>2,278,113</b>
21608001	Furniture	02.01.2016	77,669	-	77,669
<b>TOTAL FURNITURE</b>			<b>77,669</b>	<b>-</b>	<b>77,669</b>
21708001	IT equipment	18.12.2015	376,649	-	376,649
21708001	IT equipment	18.12.2015	13,195	-	13,195
<b>TOTAL IT EQUIPMENT</b>			<b>389,844</b>	<b>-</b>	<b>389,844</b>

Throughout the financial period 2016/2017 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	11,606	11,606
21908009	Other Tangible Fixed Assets	13.04.2016	201	201
21908009	Other Tangible Fixed Assets	13.04.2016	140	140
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>11,947</b>	<b>11,947</b>
21301001	Machinery	10.10.2016	3,300	3,300
21301001	Machinery	31.10.2016	1,654	1,654
21301001	Machinery	31.10.2016	293	293
21301001	Machinery	31.12.2016	875	875
21301001	Machinery	01.01.2017	(1,036)	(1,036)

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
<b>TOTAL MACHINERY</b>			<b>6,043</b>	<b>6,043</b>
21408001	Other facilities	28.02.2017	7,975	7,975
<b>TOTAL OTHER FACILITIES</b>			<b>7,975</b>	<b>7,975</b>
21608001	Furniture	30.06.2016	22,155	22,155
21608001	Furniture	05.10.2016	18,080	18,080
21608001	Furniture	01.03.2017	1,241	1,241
<b>TOTAL FURNITURE</b>			<b>41,476</b>	<b>41,476</b>
21801001	Vehicles	24.05.2016	50,393	50,393
<b>TOTAL VEHICLE</b>			<b>50,393</b>	<b>50,393</b>

Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	803,832	803,832
21908009	Other Tangible Fixed Assets	13.04.2016	13,921	13,921
21908009	Other Tangible Fixed Assets	13.04.2016	9,696	9,696
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>827,449</b>	<b>827,449</b>
21301001	Machinery	10.10.2016	228,558	228,558
21301001	Machinery	31.10.2016	114,556	114,556
21301001	Machinery	31.10.2016	20,293	20,293
21301001	Machinery	31.12.2016	60,603	60,603
21301001	Machinery	01.01.2017	(71,753)	(71,753)
21301001	Machinery	07.02.2017	55,408	55,408
21301001	Machinery	07.02.2017	10,735	10,735
<b>TOTAL MACHINERY</b>			<b>418,400</b>	<b>418,400</b>
21408001	Other facilities	28.02.2017	552,349	552,349
<b>TOTAL OTHER FACILITIES</b>			<b>552,349</b>	<b>552,349</b>
21608001	Furniture	30.06.2016	1,534,455	1,534,455
21608001	Furniture	05.10.2016	1,252,221	1,252,221
21608001	Furniture	01.03.2017	85,952	85,952
<b>TOTAL FURNITURE</b>			<b>2,872,628</b>	<b>2,872,628</b>
21801001	Vehicles	24.05.2016	3,490,219	3,490,219
<b>TOTAL VEHICLE</b>			<b>3,490,219</b>	<b>3,490,219</b>

Throughout the financial period 2017/2018 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/Buildings	31.03.2018	124,597	124,597	-
21108028	Construction/Buildings	31.03.2018	140,397	140,397	-
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>264,993</b>	<b>264,993</b>	<b>-</b>
21301001	Machinery	01.07.2017	6,745	-	6,745
21301001	Machinery	01.07.2017	5,416	-	5,416
21301001	Machinery	10.08.2017	1,845	-	1,845

## Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21301001	Machinery	30.09.2017	2,500	-	2,500
21301001	Machinery	30.09.2017	4,866	-	4,866
21301001	Machinery	30.09.2017	9,200	-	9,200
21301001	Machinery	31.03.2018	294	-	294
<b>TOTAL MACHINERY</b>			<b>30,865</b>	-	<b>30,865</b>
21508001	Other Facilities	30.04.2017	109	-	109
21508001	Other Facilities	30.04.2017	225	-	225
21508001	Other Facilities	30.04.2017	466	-	466
21508001	Other Facilities	30.04.2017	1,209	-	1,209
21508001	Other Facilities	01.07.2017	3,560	-	3,560
21508001	Other Facilities	01.07.2017	1,500	-	1,500
21508001	Other Facilities	01.07.2017	1,183	-	1,183
21508001	Other Facilities	12.09.2017	1,627	-	1,627
21508001	Other Facilities	30.09.2017	13,434	-	13,434
21508001	Other Facilities	22.11.2017	3,863	-	3,863
<b>TOTAL OTHER FACILITIES</b>			<b>27,176</b>	-	<b>27,176</b>
21601002	Furniture	01.09.2017	230	-	230
21601002	Furniture	11.09.2017	1,960	-	1,960
21608001	Furniture	01.08.2017	513	-	513
21608001	Furniture	10.08.2017	2,864	-	2,864
21608001	Furniture	28.08.2017	505	-	505
21608003	Furniture	31.03.2018	25,238	-	25,238
21608004	Furniture	31.03.2018	38,551	-	38,551
21608005	Furniture	31.03.2018	51,024	-	51,024
<b>TOTAL FURNITURE</b>			<b>120,885</b>	-	<b>120,885</b>
21708001	IT equipment	28.01.2018	2,741	-	2,741
21708001	IT equipment	28.01.2018	2,741	-	2,741
21708001	IT equipment	28.01.2018	2,741	-	2,741
21708001	IT equipment	28.01.2018	1,371	-	1,371
21708001	IT equipment	28.01.2018	1,371	-	1,371
<b>TOTAL IT EQUIPMENT</b>			<b>10,966</b>	-	<b>10,966</b>
21908001	Other tangible fixed assets	20.07.2017	108	-	108
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>108</b>	-	<b>108</b>

## Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/Buildings	31.03.2018	10,049,994	10,049,994	-
21108028	Construction/Buildings	31.03.2018	11,324,422	11,324,422	-
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>21,374,335</b>	<b>21,374,335</b>	-
21301001	Machinery	01.07.2017	544,052	-	544,052
21301001	Machinery	01.07.2017	436,855	-	436,855
21301001	Machinery	10.08.2017	148,818	-	148,818
21301001	Machinery	30.09.2017	201,650	-	201,650
21301001	Machinery	30.09.2017	392,492	-	392,492
21301001	Machinery	30.09.2017	742,072	-	742,072
21301001	Machinery	31.03.2018	2,371,404	-	2,371,404
<b>TOTAL MACHINERY</b>			<b>2,489,571</b>	-	<b>2,489,571</b>

## Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21508001	Other Facilities	30.04.2017	879,194	-	879,194
21508001	Other Facilities	30.04.2017	181,485	-	181,485
21508001	Other Facilities	30.04.2017	3,758,756	-	3,758,756
21508001	Other Facilities	30.04.2017	97,518	-	97,518

## Rupees

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21508001	Other Facilities	01.07.2017	287,150	-	287,150
21508001	Other Facilities	01.07.2017	120,990	-	120,990
21508001	Other Facilities	01.07.2017	95,421	-	95,421
21508001	Other Facilities	12.09.2017	131,234	-	131,234
21508001	Other Facilities	30.09.2017	1,083,586	-	1,083,586
21508001	Other Facilities	22.11.2017	311,590	-	311,590
<b>TOTAL OTHER FACILITIES</b>			<b>2,192,016</b>	-	<b>2,192,016</b>
21601002	Furniture	01.09.2017	185,518	-	185,518
21601002	Furniture	11.09.2017	158,094	-	158,094
21608001	Furniture	01.08.2017	4,137,858	-	4,137,858
21608001	Furniture	10.08.2017	231,010	-	231,010
21608001	Furniture	28.08.2017	407,333	-	407,333
21608003	Furniture	31.03.2018	2,035,697	-	2,035,697
21608004	Furniture	31.03.2018	3,109,524	-	3,109,524
21608005	Furniture	31.03.2018	4,115,596	-	4,115,596
<b>TOTAL FURNITURE</b>			<b>9,750,584</b>	-	<b>9,750,584</b>
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	221,089	-	221,089
21708001	IT equipment	28.01.2018	110,585	-	110,585
21708001	IT equipment	28.01.2018	110,585	-	110,585
<b>TOTAL IT EQUIPMENT</b>			<b>884,518</b>	-	<b>884,518</b>
21908001	Other tangible fixed assets	20.07.2017	8,711	-	8,711
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>8,711</b>	-	<b>8,711</b>

Throughout the financial period 2018/2019 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

## Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21108026	Construction/Buildings	03.05.2018	2,550	2,550
21108026	Construction/Buildings	01.06.2018	5,120	5,120
21108028	Construction/Buildings	15.05.2018	2,600	2,600
21108028	Construction/Buildings	01.06.2018	5,910	5,910
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>16,180</b>	<b>16,180</b>
21301001	Machinery	20.05.2018	15,500	15,500
21301001	Machinery	20.06.2018	2,500	2,500
21301001	Machinery	13.09.2018	182	182
21301001	Machinery	13.09.2018	2,409	2,409
21301001	Machinery	28.09.2018	1,700	1,700
<b>TOTAL MACHINERY</b>			<b>22,292</b>	<b>22,292</b>
21508001	Other Facilities	10.05.2018	2,300	2,300
21508001	Other Facilities	10.05.2018	1,700	1,700
<b>TOTAL OTHER FACILITIES</b>			<b>4,000</b>	<b>4,000</b>

Euros				
Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21608001	Furniture	20.05.2018	2,500	2,500
21608001	Furniture	31.01.2019	1,712	1,712
21608002	Furniture	28.03.2019	302	302
21608002	Furniture	28.03.2019	3,346	3,346
21608005	Furniture	30.04.2018	11,195	11,195
<b>TOTAL FURNITURE</b>			<b>19,056</b>	<b>19,056</b>
21708001	IT equipment	20.06.2018	353	353
<b>TOTAL IT EQUIPMENT</b>			<b>353</b>	<b>353</b>
21908001	Other tangible fixed assets	01.04.2018	565	565
21908001	Other tangible fixed assets	09.04.2018	3,510	3,510
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	06.03.2019	1,073	1,073
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>7,529</b>	<b>7,529</b>

Rupees				
Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21108026	Construction/Buildings	03.05.2018	197,931	197,931
21108026	Construction/Buildings	01.06.2018	397,414	397,414
21108028	Construction/Buildings	15.05.2018	201,812	201,812
21108028	Construction/Buildings	01.06.2018	458,734	458,734
<b>TOTAL CONSTRUCTION/BUILDING</b>			<b>1,255,892</b>	<b>1,255,892</b>
21301001	Machinery	20.05.2018	1,203,110	1,203,110
21301001	Machinery	20.06.2018	194,050	194,050
21301001	Machinery	13.09.2018	14,150	14,150
21301001	Machinery	13.09.2018	187,010	187,010
21301001	Machinery	28.09.2018	131,954	131,954
<b>TOTAL MACHINERY</b>			<b>1,730,274</b>	<b>1,730,274</b>
21508001	Other Facilities	10.05.2018	178,526	178,526
21508001	Other Facilities	10.05.2018	131,954	131,954
<b>TOTAL OTHER FACILITIES</b>			<b>310,480</b>	<b>310,480</b>
21608001	Furniture	20.05.2018	194,050	194,050
21608001	Furniture	31.01.2019	132,904	132,904
21608002	Furniture	28.03.2019	23,454	23,454
21608002	Furniture	28.03.2019	259,732	259,732
21608005	Furniture	30.04.2018	868,956	868,956
<b>TOTAL FURNITURE</b>			<b>1,479,096</b>	<b>1,479,096</b>
21708001	IT equipment	20.06.2018	27,400	27,400
<b>TOTAL IT EQUIPMENT</b>			<b>27,400</b>	<b>27,400</b>

Rupees				
Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21908001	Other tangible fixed assets	01.04.2018	43,855	43,855
21908001	Other tangible fixed assets	09.04.2018	272,446	272,446
21908001	Other tangible fixed assets	12.10.2018	4,396	4,396
21908001	Other tangible fixed assets	12.10.2018	4,397	4,397
21908001	Other tangible fixed assets	12.10.2018	88,021	88,021
21908001	Other tangible fixed assets	12.10.2018	88,021	88,021
21908001	Other tangible fixed assets	06.03.2019	83,286	83,286
<b>TOTAL OTHER TANGIBLE FIXED ASSETS</b>			<b>584,423</b>	<b>584,423</b>

The Company has carried out investments prior to the provision for the amount of 128,036 Euros (9,938,154 Rupees) all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

#### 12.8. Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Director's of the Company considered that liquidations of the mentioned taxes has been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

### 13 FOREIGN CURRENCY

The Exchange differences recognised for the financial periods 2018/19 and 2017/18 in the Profit and Loss Account, for creditor and debtor's amounts of 1,048 Euros (81,346 Rupees) and 349 Euros (27,089 Rupees) respectively, belongs to transactions settled during the Financial Period.

### 14 INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the cost of merchandise for the amounts of 138,320 Euros (10,736,398 Rupees) and 101,649 Euros (7,889,995 Rupees) during the financial periods 2018/19 and 2017/18, respectively. All purchases have been made in Spanish territory.

6.b) Social security: corresponds entirely to the Business contribution to Social Security for a total amount of 582,202 Euros (45,190,519 Rupees) and 543,104 Euros (42,155,732 Rupees) for the financial periods 2018/19 and 2017/18, respectively.

7.a) External Services:

Euros	2018/19	2017/18
Leases and Charges	184	1,045
Repair and Maintenance	501,122	457,377
Independent Professional Services	309,313	319,999
Transport	30,886	40,426

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Insurance	<b>29,406</b>	23,081
Bank Services and Similar	<b>16,630</b>	9,400
Publicity, Advertising and Public Relations	-	4,758
Supplies	<b>583,978</b>	551,683
Other Services	<b>152,976</b>	127,587
<b>Totals</b>	<b>1,624,496</b>	1,535,355

<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Leases and Charges	<b>14,317</b>	84,311
Repair and Maintenance	<b>38,897,114</b>	36,892,005
Independent Professional Services	<b>24,008,906</b>	25,811,158
Transport	<b>2,397,398</b>	3,260,726
Insurance	<b>2,282,529</b>	1,861,712
Bank Services and Similar	<b>1,290,800</b>	758,198
Publicity, Advertising and Public Relations	-	383,740

<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Supplies	<b>45,328,370</b>	44,498,744
Other Services	<b>11,873,967</b>	10,291,131
<b>Totals</b>	<b>126,093,401</b>	123,841,723

7.c) Losses on impairment of and change in trade transactions:

<b>Euros</b>	<b>2018/19</b>	<b>2017/18</b>
Losses from bad debts	-	103,826
Provisions Other Trade Transactions (Note 15).	<b>256,536</b>	257,299
<b>Totals</b>	<b>256,536</b>	361,125

<b>Rupees</b>	<b>2018/19</b>	<b>2017/18</b>
Losses from bad debts	-	8,374,580
Provisions Other Trade Transactions (Note 15).	<b>19,912,299</b>	20,753,746
<b>Totals</b>	<b>19,912,299</b>	29,128,326

13. Other results: these correspond to the Profits & Losses that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. The positive result in 2018/19 corresponds mainly to guarantees received regularization.

## 15 PROVISIONS AND CONTINGENCIES.

15.1. Transactions during the financial periods 2017/18 and 2018/18 found in this heading have been the following:

<b>Euros</b>	Balance at 31.03.17	Acquisitions	Disposals	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19
Short-term provisions	68,443	257,299	(120,396)	205,347	256,535	(284,792)	<b>177,090</b>

  

<b>Rupees</b>	Balance at 31.03.17	Exchange rate	Acquisitions	Disposals	Balance at 31.03.18	Exchange rate	Acquisitions	Disposals	Balance at 31.03.19
Short-term provisions	4,740,361	780,249	20,753,746	(9,711,104)	16,563,253	(624,254)	19,912,266	(22,105,520)	<b>13,745,729</b>

They are all monthly provisions to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary.

15.2. A guarantee has been provided by one of the Group companies, to respond for a loan granted by a Finance Company, for the amount of 167,890 Euros (13,031,622 Rupees) at the end of the period (see Note 18.3).

15.3 The company provided a guarantee to a Finance company to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing (See Note 18.3)

## 16 ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or deadlines of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

## 17 EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR.

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

## 18 TRANSACTIONS BETWEEN RELATED PARTIES.

18.1 Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.
- Mrs. Claudia Esplá Marín, Finance Manager
- Mr. Roberto Picón Pampin, Operations Manager

Remuneration paid to managers and key personnel of the company, during the financial periods 2018/19, in their status as employees of the company, amounts to 207,133 Euros (16,077,663 Rupees) and 211,200 Euros (16,393,344 Rupees) in the financial period 2017/18.

## 18.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Director's do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Director's hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 of July 17, which amended Law 24/1988, of July 28, in which the Market Values and the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also during the Financial Period, the members of the Board of Director's have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3. Transactions and Balances with Group companies:

<b>Euros</b>	<b>2018/19</b>		<b>2017/2018</b>	
	<b>Services received</b>	<b>Services rendered</b>	<b>Services received</b>	<b>Services rendered</b>
<b>Company</b>				
Holiday Club Canarias Sales & Marketing, SLU	<b>181,059</b>	<b>2,577,119</b>	194,640	2,390,368
Holiday Club Resort OY	<b>1,061</b>	<b>946</b>	-	1,703
Passoport Sante, SLU	-	<b>15,106</b>	-	-
<b>Totals</b>	<b>182,120</b>	<b>2,593,171</b>	194,640	2,392,070

Euros	2018/19		2017/2018	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	3.473.009	-	2.289.207	-
Holiday Club Canarias Investment, SL	516	953.373	516	883.587
Holiday Club Resorts OY	342	-	408	-
Passeport Sante, SLU	-	189.038	-	-
<b>Totals.</b>	<b>3.473.866</b>	<b>1.142.412</b>	<b>2.290.131</b>	<b>883.587</b>

Rupees	2018/19		2017/2018	
	Services received	Services rendered	Services received	Services rendered
Company				
Holiday Club Canarias Sales & Marketing, SLU	14,053,791	200,035,977	15,699,623	192,807,053
Holiday Club Resort OY	82,363	73,445	-	137,349
Passeport Sante, SLU	-	1,172,528	-	-
<b>Totals.</b>	<b>14,136,154</b>	<b>201,281,950</b>	<b>15,699,623</b>	<b>192,944,402</b>

Euros	2018/19		2017/2018	
	Debit Balances	Creditor Balances	Debit Balances	Creditor Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	269,574,948	-	184,647,436	-
Holiday Club Canarias Investment, SL	40,049	74,000,848	41,611	71,270,134
Holiday Club Resorts OY	26,514	-	32,894	-
Passeport Sante, SLU	-	14,673,160	-	-
<b>Totals.</b>	<b>269,641,511</b>	<b>88,674,008</b>	<b>184,721,941</b>	<b>71,270,134</b>

18.4 There is a guarantee provided by the parent Group Company Holiday Club Canarias Investment, SLU and Holiday Club Canarias Sales and Marketing SLU to respond to a loan granted by a financial institution, amounting 167,890 Euros (13,031,622 Rupees) at the end of the period (see Notes 15.2). The company provided a guarantee to a Finance company to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing for the amount of 221,339 Euros (17,956,533 Rupees) (See Note 15.3).

## 19 OTHER INFORMATION.

### 19.1. Number of Employees

The average number of persons employed by the Company during the 2018/19 and 2017/18 Financial Periods, distributed by professional categories, has been the following:

	Persons			
	2018/19	2017/18		
Senior Managers	2	2		
Administration and Middle Managers	7	8		
Receptionists and Technical Staff	31	32		
Housekeeping and others	53	48		
<b>Totals</b>	<b>93</b>	<b>90</b>		

The distribution by gender at the end of the financial periods 2018/19 and 2017/18 is the following:

	2018/19		2017/18	
	Men	Women	Men	Women
Senior Managers	2	-	2	-
Administration and Middle Managers	2	9	2	7
Receptionists and Technical Staff	25	5	27	6
Housekeeping and others	13	34	16	37
<b>Totals</b>	<b>42</b>	<b>48</b>	<b>47</b>	<b>50</b>

The distribution by disabled employees at the end of the financial periods 2018/19 and 2017/18 is one person for both periods in the category of housekeeping and other.

### 19.2. Auditor's Fees

The fees for the audit of Annual Accounts for the Financial Periods 2018/19 and 2017/18 are as follows:

Euros	2018/19	2017/18
Fees charged for Account Auditing	9,645	9,500
Fees for other Services performed	4,670	4,572
<b>Totals</b>	<b>14,315</b>	<b>14,072</b>

Rupees	2017/18	2017/18
Fees charged for Account Auditing	748,645	766,270
Fees for other Services performed	362,485	368,778
<b>Totals</b>	<b>1,111,130</b>	<b>1,135,048</b>

## 20. SEGMENT INFORMATION

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	2018/19	2017/18
Maintenance Fee	4,908,861	4,838,699
Other incomes	485,872	293,228
<b>Totals</b>	<b>5,394,733</b>	<b>5,131,927</b>

  

Rupees	2018/19	2017/18
Maintenance Fee	381,025,806	390,289,448
Other incomes	37,713,367	23,651,745
<b>Totals</b>	<b>418,739,173</b>	<b>413,941,194</b>

## 21. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	2018/19	2017/18
	Days	Days
Payment Ratio	44	15
Outstanding payment Ratio	30	30
Average period for payment to suppliers	45	44
	Euros	Euros
Total payments in the period	1,961,236	1,760,896
Total outstanding payments	205,879	274,116

Rupees	2018/19	2017/18
	Days	Days
Payment Ratio	44	15
Outstanding payment Ratio	30	30
Average period for payment to suppliers	45	44
	Rupees	Rupees
Total payments in the period	152,231,170	142,033,887
Total outstanding payments	15,980,319	22,110,230

## **HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31<sup>ST</sup>, 2019**

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Submitted by the managers of the company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU to be considered by general meeting of shareholders.

### **1. BUSINESS DEVELOPMENT**

The total amount of the turnover for the society is 5,394,733 euros (418,739,175 Rupees).

In the current period the result of the company has been positive for the amount of 266.823 Euros (20,710,801 Rupees)

### **2. COMPANY'S SITUATION**

Fix assets is the most relevant item in the balance sheet.

The operating cash Flow of the company, the operating income plus depreciation, is positive.

### **3. OWN SHARES**

There are not own shares in the company

### **4. AVERAGE PERIOD FOR PAYMENT**

The average period for payment to suppliers and creditor is 45 days.

In Mogán, on April 15<sup>th</sup>, 2019.

Calvin Stuart Lucock

Administrador Soliario y representante de Holiday Club Resorts OY



## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally in Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

### To the Sole Shareholder of PASSEPORT SANTE, SLU:

#### Report on the Financial Statements

We have audited the financial statements of **PASSEPORT SANTE, SLU**, (the Company) which comprise the balance sheet as at 31 March 2019, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at 31 March 2019 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

#### Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statements".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

#### Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

#### Sales

As shown in the profit and loss account, the turnover amounts to one million euros. The totality of sales comes from the operation of five hotels owned by the related company

HOLIDAY CLUB SALES & MARKETING, SLU. Clients are mainly attracted from web pages and travel agencies. For the control of these services, the Company uses the web support of the intermediaries where the date of arrival, departure, clients, apartment complex, etc. is detailed. During the year there are numerous transactions that could affect the integrity and valuation of sales and, periodically, the information is transferred to the accounting program and reviewed by different people responsible for both administration and the Marketing department. Due to the monetary relevance of this item, the high number of transactions and the different complexes operated by the Entity, the analysis of the integrity and accuracy of the turnover has considered a relevant aspect for our audit work.

Our audit work has been focused on checking the effectiveness of the key controls detected in the sales procedure. Likewise, analytically, the development, both individually and comparatively, of the sales volumes, as well as margins obtained, has been analysed, giving reasonableness to those anomalous or specific behaviours. In addition, tests have been carried out in detail on a sample of services provided by the Company to verify the accounting and valuation.

#### Another questions

The Company did not audit the annual accounts of the previous fiscal year because it was not obliged to do so. As a result, the comparative figures have not been audited. Our opinion refers exclusively to the annual accounts for the financial year 2018-19.

#### Director's responsibilities

The Director's are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director's are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director's intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

#### Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it

exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director's.
- We conclude on whether the use, by the Director's, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to

the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director's regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director's, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP  
(n° ROAC S2158)

Javier ALVAREZ CABRERA  
(n° ROAC 16092)

Las Palmas de Gran Canaria,  
on April 17<sup>th</sup> 2019

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

ASSETS		Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
			2018/19	2018/19	2017/18	2017/18
<b>A) NON-CURRENT ASSET</b>						
II.	Fixed Assets	5	0	0	0	0
<b>TOTAL A</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B) CURRENT ASSETS</b>						
II.	Inventories		150	11,643	0	0
III.	Commercial debtors and other accounts receivables	6	283,939	22,039,372	0	0
1.	Trade receivables		283,939	22,039,372	0	0
IV.	Short-term Investments in affiliated group and associated companies	6-11	189,038	14,673,160	0	0
VII.	Cash and equivalent liquid assets	6	344,419	26,733,790	0	0
<b>TOTAL B</b>			<b>817,547</b>	<b>63,457,966</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS (A + B)</b>			<b>817,547</b>	<b>63,457,966</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>Notes</b>	<b>(Euros)</b>	<b>(Rupees)</b>	<b>(Euros)</b>	<b>(Rupees)</b>
			<b>2018/19</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2017/18</b>
<b>A) TOTAL EQUITY</b>						
<b>A-1) EQUITY</b>			<b>1,088</b>	<b>84,418</b>	<b>0</b>	<b>0</b>
I.	Capital	8	3,000	232,860	3,000	241,980
1.	Share Capital		3,000	232,860	3,000	241,980
V.	Profit & loss from previous periods		(3,000)	(232,860)	(1,880)	(151,641)
VII.	Result for the period (benefit/losses)	3	1,088	84,418	(1,120)	(90,339)
<b>TOTAL A</b>			<b>1,088</b>	<b>84,418</b>	<b>0</b>	<b>0</b>
<b>C) CURRENT LIABILITIES</b>						
					0	0
IV.	Short term debts with Group and Associated companies	11	613,739	47,638,433	0	0
V.	Trade creditors and other Accounts payable	7	202,720	15,735,115	0	0
2.	Sundry Creditors		202,720	15,735,115	0	0
<b>TOTAL C</b>			<b>816,459</b>	<b>63,373,548</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES (A + C)</b>			<b>817,547</b>	<b>63,457,966</b>	<b>0</b>	<b>0</b>

**PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

CONCEPTOS	Notes	(Euros)	(Rupees)	(Euros)	(Rupees)
		2018/19	2018/19	2017/18	2017/18
1. Turnover		1,046,421	81,223,186	0	0
6. Personnel expenses	10	(47,118)	(3,657,290)	0	0
7. Other operating expenses	10	(997,858)	(77,453,718)	0	0
8. Depreciation of fixed assets		0	0	(133)	(10,739)
11. Impairment and result from fixed assets		0	0	(987)	(79,629)
<b>A.1) OPERATING INCOME (BENEFIT/LOSS)</b>		<b>1,445</b>	<b>112,179</b>	<b>(1,120)</b>	<b>(90,368)</b>
14. Financial Incomes		55	4,260	0	0
15. Financial expenses		(50)	(3,881)	0	0
<b>A.2) FINANCIAL PROFIT &amp; LOSS (BENEFIT)</b>		<b>5</b>	<b>379</b>	<b>0</b>	<b>0</b>
<b>A.3) PROFIT BEFORE TAXES (BENEFIT/LOSS)</b>		<b>1,450</b>	<b>112,558</b>	<b>(1,120)</b>	<b>(90,368)</b>
19. Corporate income Tax	9	(363)	(28,140)	0	0
<b>A.5) PROFIT &amp; LOSS IN THE PERIOD (BENEFIT/LOSS)</b>		<b>1,088</b>	<b>84,418</b>	<b>(1,120)</b>	<b>(90,368)</b>

## 2018/2019 ABRIDGED FINANCIAL REPORT

### 1. THE COMPANY'S BUSINESS

- 1.1. PASSEPORT SANTE, S.L.U. was set up as an owned limited liability partnership on March 21<sup>st</sup>, 2017, before the Notary Public Enrique Rojas Martínez, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Las Palmas de Gran Canaria, under its Protocol Number 447.
- 1.2. On December 18, 2018, it was totally acquired for the company Holiday Club Canarias Investment, SLU. The same day the public deed makes public the adaptation of the corporate statutes being the more remarkable the following:
  - it is agreed to transform the company from an owned limited liability partnership to a limited partnership.
  - the main mission of the company is changed being now the touristic accommodations and other short term accommodations.
  - the financial period is changed and it will finish the 31<sup>st</sup> of March every year. The financial period is from April the 1<sup>st</sup> till March the 31<sup>st</sup>.
  - Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).
- 1.3. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. In addition, Holiday Club Resort OY is a member of a group whose parent company is Mahindra & Mahindra limited, located in India.

### 2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

Foreign Currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 77.62 = FC: EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31<sup>st</sup> March 2019

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

#### 2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1514/2007 of November 16, in which the General Accounting Plan was approved, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

#### 2.2. Non-Mandatory Accounting Principles Applied:

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

#### 2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

In the drafting of Annual Accounts for the financial year ending on March 31, 2019, it was not necessary for the Corporate Administrative Body to use any estimates to appraise assets, liabilities and expenses.

On the other hand, the Administrative Body is not aware of any uncertainties relative to conditions from which any doubts could arise, regarding the fact that the company is still operating normally. Therefore, the Annual Accounts have been prepared by the Administrative Body following the principals of a functioning company. With regard to the fact that the net equity is less than half of the share capital, it will be re-established the next financial period.

#### 2.4. Comparison of the Information

As it was said in the 1.2. note the financial year was modified in December 18<sup>th</sup>, 2018 and it will finish the 31<sup>st</sup> of March every year and it has been made with retroactive effect to January the 1<sup>st</sup>, 2018. This means that the figures of the financial report regarding the financial period 2018/19 are related to 12 months (April 2018 – March 2019) and the figures of the previous financial period are related only to 3 months (January 2018 – March 2018).

### 3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31<sup>st</sup> 2019, which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31<sup>st</sup> 2018, is as follows:

<u>Euros</u>	<u>2018/19</u>	<u>2017/18</u>
<b><u>Distribution Balance</u></b>		
Financial Period Benefit/Losses	<b>1,088</b>	(1,120)

#### Distribution

Legal Reserve	<b>600</b>	–
Losses accumulated from previous Financial Periods	<b>488</b>	(1,120)
<b>Total</b>	<b>1,088</b>	(1,120)

#### Rupees

<u>Distribution Balance</u>	<u>2018/19</u>	<u>2017/18</u>
Financial Period Losses	<b>84,418</b>	(90,368)

#### Distribution

Legal Reserve	<b>46,572</b>	–
Losses accumulated from previous Financial Periods	<b>37,846</b>	(90,368)
<b>Total</b>	<b>84,418</b>	(90,368)

### 4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

#### 4.1. Tangible fixed assets

In the previous period the have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

#### 4.2. Financial Instruments

The breakdown of the financial assets is as follows:

Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

#### 4.2. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

### 6. FINANCIAL ASSETS

#### 6.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
<b>Euros</b>						
<b>Short-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	472,978	-
Liquid Assets	-	-	-	-	344,419	-
<b>Totals</b>	-	-	-	-	817,397	-
<b>Rupees</b>						
<b>Short-term Financial Assets</b>						
Loans and Receivables	-	-	-	-	36,712,532	-
Liquid Assets	-	-	-	-	26,733,790	-
<b>Totals</b>	-	-	-	-	63,446,323	-

#### 6.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term, being all the loans and receivables related to companies of the group and associated for the amount of 189,038 Euros (14,673,160 Rupees) and debtors for the amount of 283,939 Euros (2,203,972 Rupees).

#### 6.3. Debt related to clients:

There are customer advances for the amount of 137,450 Euros (10,668,869 Rupees) that correspond to accommodation services charges not accrued at the end of the financial year.

#### 4.3. Tax on Profits

Following the accrual principle, the current tax has been accounted as a expense of the period and it has been calculated according to the profit and loss before taxes following the current tax laws.

#### 4.4. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

#### 4.5. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

### 5. TANGIBLE FIXED ASSETS

#### 5.1. The transactions occurring during the previous period were the following:

	Balance 31.12.17	Acquisitions	Disposals	Balance 31.03.18
<b>Euros</b>				
Fixed Assets	3.000	-	(3.000)	-
Accumulated amortization	(1.880)	(133)	2.013	-
<b>Net Totals</b>	1.120	-	-	-
<b>Rupees</b>				
Fixed Assets	241,980	-	(241.980)	-
Accumulated amortization	(151,612)	(10.739)	162.351	-
<b>Net Totals</b>	90.368	-	-	-

## 7. FINANCIAL LIABILITIES

### 7.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.19	31.03.18	31.03.19	31.03.18	31.03.19	31.03.18
<b>Euros</b>						
<b>Short-term Financial Liabilities</b>						
Debits and Payables	-	-	-	-	656,468	-
<b>Totals</b>	-	-	-	-	656,468	-
<b>Rupees</b>						
<b>Short-term Financial Liabilities</b>						
Debits and Payables	-	-	-	-	50,955,032	-
<b>Totals</b>	-	-	-	-	50,955,032	-

### 7.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to "Debts with companies of the Group" for the amount of 613,739 Euros (47,638,433 Rupees) and creditors for services rendered for the amount of 42,729 Euros (3,316,599 Rupees).

## 8. EQUITY

8.1. The Share Capital comes to 3,000 Euros (232,860 Rupees), divided into 3,000 shares at face value of 1 Euros (77,62 Rupees) each.

8.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Canarias Investment SLU.

## 9. FISCAL POSITION

### 9.1 Individual tax base:

The reconciliation of the net amounts of incomes and expenses for the financial period against the tax base of Corporate Tax, is the following:

	Profit & Loss Account	Inc. & expend. directly attributable to Equity
<b>Euros</b>		
Balance of income and expenditure for the financial year	1,088	-
Profit Tax	363	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>1,450</b>	<b>-</b>
<b>Rupees</b>		
Balance of income and expenditure for the financial year	84,418	-
Profit Tax	28,140	-
<b>Tax Base (Tax Profit &amp; Loss)</b>	<b>112,558</b>	<b>-</b>

### 9.2 Corporate tax assessment:

Applying the tax rate to the tax base we get the gross tax charge which is reduced by the following items and amounts:

<b>Euros</b>	
Integral Fee (25% Tax Base)	363
Current tax	363
<b>Tax to pay</b>	<b>363</b>
<b>Rupees</b>	
Integral Fee (25% Tax Base)	28,140
Current tax	28,140
<b>Tax to pay</b>	<b>28,140</b>

### 9.3 Breakdown of the corporate tax expense:

Due to the fact that there are not temporary differences when calculating the tax base, the current tax for the period 2018/19 is the same as the expense for the corporate tax for the amount of 363 Euros (28.140 Rupees).

### 9.4 Financial Periods Open to the Possibility of a Tax Inspection.

The corporate tax is open to be inspected for the following periods: 2017, 2017/18 and 2018/19

### Other taxes

9.5 The company has open to be inspect the not prescribed periods of the following taxes:

- Withholdings related to paid incomes
- IGIC (General Indirect Canarian Tax)
- Property Transfer and Certified Legal Documents Tax
- Local taxes

**10. INCOME AND EXPENSES**

Breakdown of the next items the Profit and Loss Account:

- a) Social expenses: the amount of 9.851 Euros (764.635 Rupees) is all related to the social security payable by the company.  
b) External services:

<u>Euros</u>	<u>2018/19</u>	<u>2017/18</u>
Professional services	892,112	-
Transport	26,600	-
Bank Services and Similar	5,727	-
Supplies	92	-
Other Services	73,326	-
<b>Totals</b>	<b>997,858</b>	<b>-</b>
<u>Rupees</u>	<u>2018/19</u>	<u>2017/18</u>
Professional services	69,245,761	-
Transport	2,064,711	-
Bank Services and Similar	444,497	-
Supplies	7,153	-
Other Services	5,691,595	-
<b>Totals</b>	<b>77,453,718</b>	<b>-</b>

**11. TRANSACTIONS WITH RELATED PARTIES**

The balances at March 31, 2019 and 2018 with related companies are as follows:

<u>Euros</u>	<u>2018/19</u>		<u>2017/18</u>	
	<u>Debit Balances</u>	<u>Credit Balances</u>	<u>Debit Balances</u>	<u>Credit Balances</u>
<b>Company:</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	613.739	-	-
Holiday Club Canarias Resort Managemet, SLU	189.038	-	-	-
<b>Totals</b>	<b>189.038</b>	<b>613.739</b>	<b>-</b>	<b>-</b>

<u>Rupees</u>	<u>2018/19</u>		<u>2017/18</u>	
	<u>Debit Balances</u>	<u>Credit Balances</u>	<u>Debit Balances</u>	<u>Credit Balances</u>
<b>Company:</b>				
Holiday Club Canarias Sales & Marketing, SLU	-	47.638.433	-	-
Holiday Club Canarias Resort Managemet, SLU	14.673.160	-	-	-
<b>Totals</b>	<b>14.673.160</b>	<b>47.638.433</b>	<b>-</b>	<b>-</b>

**12. OTHER INFORMATION**

12.1. Average number of Employees

The average number of persons employed by the Company during the financial periods 2018/19 and 2018, distributed by their professional categories, has been as follows:

	<u>Persons</u>			
	<u>2018/19</u>	<u>2017/18</u>		
Senior Managers	0,06	-		
Administration	1,23	-		
<b>Totals</b>	<b>1,29</b>	<b>-</b>		
	<u>2018/19</u>		<u>2017/18</u>	
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>
Senior Managers	1	-	-	-
Administration	1	7	-	-
<b>Totals</b>	<b>2</b>	<b>7</b>	<b>-</b>	<b>-</b>

The company has not employed disabled people (more than 33% of disability) for this period.

12.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific break-downs are included in this report.

**13. INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY.**

The average period for payment to suppliers and creditor is 18 days.

Mogán, April 15<sup>th</sup>, 2019

**Calvin Stuart Lucock**  
Joint and Several Administrator and  
Holiday Club Resorts Oy Representative



## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

### Opinion

We have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for 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.

In preparing the financial statements, the Board of Director's is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

ESA KAILIALA

Authorised Public Accountant, KHT

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Other property income</b>	<b>0.00</b>	<b>0.00</b>	20.00	1,613.20
<b>Property management expenses</b>				
Administration	(1,136.78)	(88,236.86)	(329.74)	(26,596.83)
Property tax	(1,403.13)	(108,910.95)	(1,403.13)	(113,176.47)
<b>Total</b>	<b>(2,539.91)</b>	<b>(197,147.81)</b>	(1,732.87)	(139,773.29)
<b>Profit/(loss)</b>	<b>(2,539.91)</b>	<b>(197,147.81)</b>	(1,712.87)	(138,160.09)
<b>Financial income and expenses</b>				
Interest income	10,591.26	822,093.60	10,591.26	854,291.03
<b>Total financial income and expenses</b>	<b>10,591.26</b>	<b>822,093.60</b>	10,591.26	854,291.03
<b>Profit before appropriations and taxes</b>	<b>8,051.35</b>	<b>624,945.79</b>	8,878.39	716,130.94
Income taxes	(1,610.27)	(124,989.16)	(1,775.68)	(143,226.35)
<b>Profit/(loss) for the financial year</b>	<b>6,441.08</b>	<b>499,956.63</b>	7,102.71	572,904.59

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
	appendix	31.03.2019	31.03.2019	31.03.2018	31.03.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas		527,069.84	40,911,160.98	527,069.84	42,513,453.29
<b>Total tangible assets</b>		<u>527,069.84</u>	<u>40,911,160.98</u>	<u>527,069.84</u>	<u>42,513,453.29</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>527,069.84</u>	<u>40,911,160.98</u>	<u>527,069.84</u>	<u>42,513,453.29</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	<b>2</b>				
Loan receivables from group companies		554,687.39	43,054,835.21	548,198.07	44,217,656.33
Accrued income		468.81	36,389.03	333.20	25,862.98
<b>Total short-term receivables</b>		<u>555,156.20</u>	<u>43,091,224.24</u>	<u>548,531.27</u>	<u>44,244,532.24</u>
<b>Cash and cash equivalents</b>					
Cash at bank		4.35	337.65	188.20	15,180.21
<b>Total cash and cash equivalents</b>		<u>4.35</u>	<u>337.65</u>	<u>188.20</u>	<u>15,180.21</u>
<b>TOTAL CURRENT ASSETS</b>		<u>555,160.55</u>	<u>43,091,561.89</u>	<u>548,719.47</u>	<u>44,259,712.45</u>
<b>TOTAL ASSETS</b>		<u><u>1,082,230.39</u></u>	<u><u>84,002,722.87</u></u>	<u><u>1,075,789.31</u></u>	<u><u>86,773,165.74</u></u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b>	<b>3</b>	2,500.00	194,050.00	2,500.00	194,050.00
<b>Building fund</b>		1,040,077.00	80,730,776.74	1,040,077.00	80,730,776.74
<b>Profit/(loss) from previous years</b>		32,861.55	2,550,713.51	25,758.84	1,999,401.16
<b>Profit/(loss) for the financial year</b>		6,441.08	499,956.63	7,102.71	551,312.35
<b>TOTAL EQUITY</b>		<u>1,081,879.63</u>	<u>87,264,410.96</u>	<u>1,075,438.55</u>	<u>83,475,540.25</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>4</b>				
Accruals and deferred income		350.76	27,225.99	350.76	27,225.99
<b>Total short-term borrowed capital</b>		<u>350.76</u>	<u>27,225.99</u>	<u>350.76</u>	<u>27,225.99</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,082,230.39</u></u>	<u><u>84,002,722.87</u></u>	<u><u>1,075,789.31</u></u>	<u><u>83,502,766.24</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

### NOTES TO THE BALANCE SHEET

#### ASSETS

##### NON-CURRENT ASSETS

##### INTANGIBLE AND TANGIBLE ASSETS

##### 1 Tangible assets

	Eur		Rs	
	Land areas	Land areas	Land areas	Land areas
Acquisition cost 1.4.	527,069.84	40,911,160.98		
<b>Acquisition cost 31.3.</b>	<b>527,069.84</b>	<b>40,911,160.98</b>		
<b>Book value 31.3.</b>	<b>527,069.84</b>	<b>40,911,160.98</b>		

##### CURRENT ASSETS

##### RECEIVABLES

##### 2 Short-term receivables

	Eur		Rs	
	2019	2019	2018	2018
Loan receivables from group companies	554,687.39	43,054,835.21	548,198.07	44,217,656.33
Tax assets	468.81	36,389.03	333.20	26,875.91
<b>Total</b>	<b>555,156.20</b>	<b>43,091,224.24</b>	<b>548,531.27</b>	<b>44,244,532.24</b>

##### 3 LIABILITIES

	Eur		Rs	
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Building fund in the beginning of the year	1,040,077.00	80,730,776.74	1,040,077.00	83,892,610.82
<b>Building fund in the end of the year</b>	<b>1,040,077.00</b>	<b>80,730,776.74</b>	<b>1,040,077.00</b>	<b>83,892,610.82</b>

	Eur		Rs	
	2019	2019	2018	2018
<b>EQUITY</b>				
Profit/loss from prev. financial period	32,861.55	2,550,713.51	25,758.84	2,077,708.03
Profit/loss for the financial year	6,441.08	499,956.63	7,102.71	572,904.59
<b>Total equity</b>	<b>1,081,879.63</b>	<b>83,975,496.88</b>	<b>1,075,438.55</b>	<b>86,744,873.44</b>

##### BREAKDOWN OF SHARE CAPITAL

	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	50.00	2,500.00	50.00	2,500.00
<b>TOTAL</b>	<b>50.00</b>	<b>2,500.00</b>	<b>50.00</b>	<b>2,500.00</b>

##### BREAKDOWN OF SHARE CAPITAL

	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	50.00	194,050.00	50.00	201,650.00
<b>Total</b>	<b>50.00</b>	<b>194,050.00</b>	<b>50.00</b>	<b>201,650.00</b>

##### 4. SHORT-TERM BORROWED CAPITAL

	Eur		Rs.	
	2019	2019	2018	2018
Accruals and deferred income	350.76	27,225.99	350.76	28,292.30
Tax liabilities	0.00	0.00	0.00	0.00
<b>Total</b>	<b>350.76</b>	<b>27,225.99</b>	<b>350.76</b>	<b>28,292.30</b>

##### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 6,441.08 (Rs 499,956.63). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

##### FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki 23 April, 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

##### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## AUDIT REPORT

To the Members of HOLIDAY CLUB RESORTS RUS, LLC

### Opinion

We have audited the accompanying annual accounting (financial) statements of HOLIDAY CLUB RESORT RUS, Limited Liability Company (Main State Registration Number (OGRN) 5067847052301; ul. Bolshaya Konyushennaya 4-6-8, St. Petersburg, 191186) consisting of the balance sheet as at December 31, 2018, and the income statement, statement of changes in equity and cash flow statement for the year then ended, as well as explanatory information to the 2018 balance sheet and financial statements.

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of HOLIDAY CLUB RESORT RUS, Limited Liability Company, as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting (financial) reporting standards applicable in the Russian Federation.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). In line with these Standards, our responsibility is delineated in the Auditor's Responsibility for the Audit of Annual Accounting (Financial) Statements paragraph of the present report. We are independent of the entity subject to the audit as required by rules on Auditor's independence and the Auditor's Professional Code of Conduct. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Management's Responsibility for the Annual Accounting (Financial) Statements

The management of the audited entity is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with accounting (financial) standards established in the Russian Federation 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 annual accounting (financial) statements, management bears responsibility for the assessment of the entity's ability to continue as a going concern, for the disclosure of information in connection with going concern, and for the preparation of the financial statements on a going concern basis, unless management intends to liquidate the audited entity or to cease trading, or has no realistic alternative but to do so.

### Auditor's Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether the annual accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report stating our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit, carried out in compliance with ISA, always detects material misstatements when there is any. Misstatements may arise from fraudulent activities or error and are considered to be material when there is reasonable assurance that, taken individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit and, among other things:

- a) Identify and assess risks of material misstatements in the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures in response to such risks; obtain sufficient and appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraudulent activities may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or circumvention of internal control;
  - b) Obtain an understanding of the internal control system sufficient to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's system of internal controls;
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the auditee's management, as well as evaluating the overall financial statement presentation and disclosures;
  - d) Evaluate the appropriateness of management's use of the going concern assumption and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we determine that such estimation uncertainty exists, we must draw attention in our audit report to an adequate disclosure of such problem in the annual accounting (financial) statements or modify our opinion if such disclosure is inappropriate.
- Our conclusions are based on the audit evidence gathered prior to the date of our audit report. Future events or conditions, however may affect the entity's ability to continue as a going concern;
- e) Evaluate the overall presentation, structure and content of the accounting (financial) statements, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We have communicated with the management of the audited entity, among other matters, the scope and timing of the audit and material observations arising from the audit, including observations on the deficiencies of the system of internal controls identified during the audit.

Chief Executive Officer of the  
Audit Company

I. Y. Kochinskaya

Audit Company:  
Audit Company SPS, Limited Liability Company (AF SPS, LLC)  
Main State Registration Number (OGRN) 1147847428684  
Ushakovskaya nab. 1/4, apt 12, St. Petersburg 197342  
Member of the Russian Union of Auditors, Self-Regulatory  
Organization of Auditors (SRO RSA)  
Main Registration Number in the Register of Auditors and Audit  
Organizations (ORNZ) 11603076412

February 25, 2019

**BALANCE SHEET AS AT DECEMBER 31, 2018**

Company	<b>Holiday Club Resorts Rus LLC</b>
Taxpayer's ID number	<b>7801409574</b>
Line of business	<b>Rendering of intermediary services in purchasing, selling and renting of residential real estates</b>
Form of incorporation/Form of ownership	<b>Limited liability company/ ownership of a foreign entity</b>
Unit of measurement: <b>thousand RUR</b>	
Location (address)	<b>191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8</b>

Notes Item	Code	As of December 31, 2018	As of December 31, 2017	As of December 31, 2016
<b>ASSETS</b>				
<b>I. NON-CURRENT ASSETS</b>				
Intangible assets	1110	–	–	–
Results of research and development	1120	–	–	–
Intangible development assets	1130	–	–	–
Tangible development assets	1140	–	–	–
<b>Fixed assets</b>	1150	–	–	–
Income-bearing investments in tangible assets	1160	–	–	–
Financial investments	1170	–	–	–
Deferred tax assets	1180	<b>23,315</b>	21,567	18,796
Other non-current assets	1190	–	–	–
<b>Total section I</b>	1100	<b>23,315</b>	21,567	18,796
<b>II. CURRENT ASSETS</b>				
Inventories	1210	–	–	–
Value-added tax on acquired assets	1220	–	1	3
Receivables	1230	<b>1,001</b>	1,453	4,333
Financial investments (except for monetary equivalents)	1240	–	–	–
Cash and cash equivalents	1250	<b>6,454</b>	16,458	4,821
Other current assets	1260	<b>65</b>	52	51
<b>Total section II</b>	1200	<b>7,520</b>	17,964	9,208
<b>BALANCE</b>	1600	<b>30,835</b>	39,531	28,004

**Kuznetsova Irina Sergeevna**  
Director

February 08, 2019

Notes Item	Code	As of December 31, 2018	As of December 31, 2017	As of December 31, 2016
<b>LIABILITIES</b>				
<b>III. EQUITY AND RESERVES</b>				
Authorized capital	1310	300	300	300
Treasury stock	1320	-	-	-
Non-current asset revaluation	1340	-	-	-
Capital surplus (without revaluation)	1350	-	-	-
Reserve capital	1360	-	-	-
Retained earnings	1370	2,908	10,780	(67,029)
<b>Total section III</b>	1300	<b>3,208</b>	11,080	(66,729)
<b>IV. LONG-TERM LIABILITIES</b>				
Loans	1410	-	-	-
Deferred tax liabilities	1420	-	-	-
Estimated liabilities	1430	-	-	-
Other liabilities	1450	-	-	-
<b>Total section IV</b>	1400	-	-	-
<b>V. SHORT-TERM LIABILITIES</b>				
Loans	1510	-	-	-
Payables	1520	26,632	27,472	94,000
Prepaid income	1530	-	-	-
Estimated liabilities	1540	995	979	733
Other liabilities	1550	-	-	-
<b>Total section V</b>	1500	<b>27,627</b>	28,451	94,733
<b>BALANCE</b>	1700	<b>30,835</b>	39,531	28,004

Kuznetsova Irina Sergeevna  
Director

February 08, 2019

## FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2018

Company	Holiday Club Resorts Rus LLC
Taxpayer's ID number	7801409574
Line of business	Rendering of intermediary services in purchasing, selling and renting of residential real estates
Form of incorporation/Form of ownership	Limited liability company/ownership of a foreign entity
Unit of measurement:	thousand RUR

Notes Item	Code	January - December 2018	January - December 2017
Revenue	2110	11,503	8,547
Cost of sales	2120	-	-
<b>Gross profit/(loss)</b>	2100	<b>11,503</b>	<b>8,547</b>
Commercial expenses	2210	-	-
Administrative expenses	2220	(18,571)	(16,802)
<b>Sales profit/(loss)</b>	2200	<b>(7,068)</b>	<b>(8,255)</b>
Income from participation in other organizations	2310	-	-
Interest receivable	2320	-	-
Interest payable	2330	-	-
Other income	2340	11,690	105,997
Other expenses	2350	(14,242)	(22,704)
<b>Profit/(loss) before taxation</b>	2300	<b>(9,620)</b>	<b>75,038</b>
Current profit tax	2410	-	-
including permanent tax liabilities (assets)	2421	(176)	17,817
Change in deferred tax liabilities	2430	-	-
Change in deferred tax assets	2450	1,748	2,771
Other	2460	-	-
<b>Net profit/(loss)</b>	2400	<b>7,872</b>	<b>77,809</b>
<b>FOR REFERENCE</b>			
Revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
Result of other transactions not included in net profit (loss) for the period	2520	-	-
Comprehensive financial result for the period	2500	(7,872)	77,809
Basic earnings (loss) per common share	2900	-	-
Diluted earnings (loss) per common share	2910	-	-

Kuznetsova Irina Sergeevna

Director

February 08, 2019



## AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-Aikakiinteistöt Oy LKV

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Suomen Vapaa-Aikakiinteistöt Oy LKV (business identity code 2306829-4) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements**

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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 OY AB**

**ESA KAILIALA**

Authorised Public Accountant, KHT

Place: Helsinki

Dated: 30 April 2019

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### Valuation and amortisation principles and methods

Revenues and expenses are amortised on an accruals basis.

### Valuation of non-current assets

Tangible and intangible assets

The company has no non-current assets on its balance sheet.

### Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

### Board of Director's proposal to process profit and loss for the previous financial year

The Board of Director's proposes to the Annual General Meeting that a loss of EUR 1,155.76 (Rs 89,710.09) be transferred to the profit and loss account and that no dividends be distributed.

### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
	<u>appendix</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2017- 31.3.2018</u>	<u>1.4.2017- 31.3.2018</u>
<b>TURNOVER</b>					
Other operating expenses	1	1,339.24	103,951.81	973.35	78,510.41
<b>Profit/(Loss)</b>		<u>(1,339.24)</u>	<u>(103,951.81)</u>	<u>(973.35)</u>	<u>(78,510.41)</u>
<b>Financial income and expenses</b>	2				
Interest income		0.00	0.00	1.18	95.18
Interest income from companies in the same Group		183.48	14,241.72	183.48	14,799.50
<b>Total financial income and expenses</b>		<u>183.48</u>	<u>14,241.72</u>	<u>184.66</u>	<u>14,894.68</u>
<b>Profit before appropriations and taxes</b>		<u>(1,155.76)</u>	<u>(89,710.09)</u>	<u>(788.69)</u>	<u>(63,615.74)</u>
<b>Profit/(Loss) for the financial year</b>		<u>(1,155.76)</u>	<u>(89,710.09)</u>	<u>(788.69)</u>	<u>(63,615.74)</u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
	<u>appendix</u>	<u>31.3.2019</u>	<u>31.3.2019</u>	<u>31.3.2018</u>	<u>31.3.2018</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Short-term receivables	3	10,042.02	779,461.59	9,858.54	795,189.84
<b>Total short-term receivables</b>		<b>10,042.02</b>	<b>779,461.59</b>	9,858.54	795,189.84
<b>Cash and cash equivalents</b>					
Cash at bank		8,034.28	623,620.81	9,373.52	756,068.12
<b>Total cash and cash equivalents</b>		<b>8,034.28</b>	<b>623,620.81</b>	9,373.52	756,068.12
<b>TOTAL CURRENT ASSETS</b>		<b>18,076.30</b>	<b>1,403,082.41</b>	19,232.06	1,551,257.96
<b>TOTAL ASSETS</b>		<b>18,076.30</b>	<b>1,403,082.41</b>	19,232.06	1,551,257.96
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	4	2,500.00	194,050.00	2,500.00	201,650.00
Profit/(loss) from previous years		16,032.06	1,244,408.50	16,820.75	1,356,761.70
Profit/(loss) for the financial year		(1,155.76)	(89,710.09)	(788.69)	(63,615.74)
<b>TOTAL EQUITY</b>		<b>17,376.30</b>	<b>1,348,748.41</b>	18,532.06	1,494,795.96
<b>BORROWED CAPITAL</b>					
Accruals and deferred income	5	700.00	54,334.00	700.00	56,462.00
<b>Total short-term borrowed capital</b>		<b>700.00</b>	<b>54,334.00</b>	700.00	56,462.00
<b>TOTAL LIABILITIES</b>		<b>18,076.30</b>	<b>1,403,082.41</b>	19,232.06	1,551,257.96

## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

### NOTES TO THE PROFIT AND LOSS STATEMENT

#### 1. OTHER OPERATING EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
Other business expenses	1,339.24	103,951.81	973.35	78,510.41
<b>Total</b>	<b>1,339.24</b>	<b>103,951.81</b>	<b>973.35</b>	<b>78,510.41</b>

#### 2. FINANCIAL INCOME AND EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
Interest income from companies in the same Group	183.48	14,241.72	183.48	14,799.50
Other interest income	0.00	0.00	1.18	95.18
<b>Total</b>	<b>183.48</b>	<b>14,241.72</b>	<b>184.66</b>	<b>14,894.68</b>
<b>Total financial income and expenses</b>	<b>183.48</b>	<b>14,241.72</b>	<b>184.66</b>	<b>14,894.68</b>

### NOTES TO THE BALANCE SHEET

#### ASSETS

##### CURRENT ASSETS RECEIVABLES

#### 3. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Receivables from companies in the same Group	10,042.02	779,461.59	9,858.54	795,189.84
<b>Total</b>	<b>10,042.02</b>	<b>779,461.59</b>	<b>9,858.54</b>	<b>795,189.84</b>

#### LIABILITIES

#### 4. EQUITY

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Share capital 1.1	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital 31.3.</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Profit/(loss) from prev. financial period	16,032.06	1,244,408.50	16,820.75	1,356,761.70
Profit/(loss) for the financial year	(1,155.76)	(89,710.09)	(788.69)	(63,615.74)
<b>Total equity</b>	<b>17,376.30</b>	<b>1,348,748.41</b>	<b>18,532.06</b>	<b>1,494,795.96</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Accruals and deferred income	700.00	54,334.00	700.00	56,462.00
<b>Total</b>	<b>700.00</b>	<b>54,334.00</b>	700.00	56,462.00
<i>Profit/loss from the previous financial year</i>	<b>16,032.06</b>	<b>1,244,408.50</b>	16,820.75	1,356,761.70
Profit/loss for the financial year	<b>(1,155.76)</b>	<b>(89,710.09)</b>	(788.69)	(63,615.74)
<b>Total</b>	<b>14,876.30</b>	<b>1,154,698.41</b>	16,032.06	1,293,145.96

### FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki 23 April 2019

**Tapio Anttila**  
CEO  
Chair of the Board of Director's

**Riku Rauhala**  
board member

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG Oy Ab

**Esa Kailiala**  
Authorised Public Accountant, KHT

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Vanha Ykköstii

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Kiinteistö Oy Vanha Ykköstii (business identity code 2425177-9) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements**

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for such internal control as they determine it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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 OY AB

**ESA KAILIALA**

Authorised Public Accountant, KHT

Place : Helsinki

Dated : 30 April 2019

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs.	Eur	Rs.
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,254.13)	(97,345.57)	(43.53)	(3,511.13)
Property tax	(636.64)	(49,416.00)	(636.64)	(51,351.38)
<b>Total</b>	<u>(1,890.77)</u>	<u>(146,761.57)</u>	<u>(680.17)</u>	<u>(54,862.51)</u>
<b>Profit/(loss)</b>	(1,890.77)	(146,761.57)	(680.17)	(54,862.51)
<b>Financial income and expenses</b>				
Interest charges	0.00	0.00	(3.00)	(241.98)
<b>Total financial income and expenses</b>	<u>0.00</u>	<u>0.00</u>	<u>(3.00)</u>	<u>(241.98)</u>
<b>Profit before appropriations and taxes</b>	<u>(1,890.77)</u>	<u>(146,761.57)</u>	<u>(683.17)</u>	<u>(55,104.49)</u>
<b>Group contribution</b>	6,000.00	465,720.00	0.00	0.00
<b>Profit/(loss) for the financial year</b>	<u>4,109.23</u>	<u>318,958.43</u>	<u>(683.17)</u>	<u>(55,104.49)</u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs.	Eur	Rs.
	appendix	31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas		52,142.00	4,047,262.04	52,142.00	4,205,773.72
<b>Total tangible assets</b>		<b>52,142.00</b>	<b>4,047,262.04</b>	52,142.00	4,205,773.72
<b>TOTAL NON-CURRENT ASSETS</b>		<b>52,142.00</b>	<b>4,047,262.04</b>	52,142.00	4,205,773.72
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivables</b>		<b>6,000.00</b>	<b>465,720.00</b>	0.00	0.00
<b>Cash and cash equivalents</b>					
Cash at bank		155.65	12,081.55	2,046.42	165,064.24
<b>Total cash and cash equivalents</b>		<b>155.65</b>	<b>12,081.55</b>	2,046.42	165,064.24
<b>TOTAL CURRENT ASSETS</b>		<b>6,155.65</b>	<b>477,801.55</b>	2,046.42	165,064.24
<b>TOTAL ASSETS</b>		<b>58,297.65</b>	<b>4,525,063.59</b>	54,188.42	4,370,837.96
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Invested unrestricted equity fund		60,762.15	4,716,358.08	60,762.15	4,901,075.02
Profit(loss) from previous years		(9,232.88)	(716,656.15)	(8,549.71)	(689,619.61)
Profit(loss) for the financial year		4,109.23	318,958.43	(683.17)	(55,104.49)
<b>TOTAL EQUITY</b>		<b>58,138.50</b>	<b>4,512,710.37</b>	54,029.27	4,358,000.92
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income	4	159.15	12,353.22	159.15	12,837.04
<b>Total short-term borrowed capital</b>		<b>159.15</b>	<b>12,353.22</b>	159.15	12,837.04
<b>TOTAL LIABILITIES</b>		<b>58,297.65</b>	<b>4,525,063.59</b>	54,188.42	4,370,837.96

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs.
	Land areas	Land areas
Acquisition cost 1.4.18	52,142.00	4,047,262.04
<b>Acquisition cost 31.3.19</b>	<b>52,142.00</b>	<b>4,047,262.04</b>
<b>Book value 31.3.19</b>	<b>52,142.00</b>	<b>4,047,262.04</b>

## 2 Short-term receivables

Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

## 3 LIABILITIES

	Eur	Rs.	Eur	Rs.
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Invested unrestricted equity fund in the beginning of the year	60,762.15	4,716,358.08	59,962.15	4,836,547.02
Additions	0.00	0.00	800.00	64,528.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>60,762.15</b>	<b>4,716,358.08</b>	<b>60,762.15</b>	<b>4,901,075.02</b>
Profit/(loss) from prev. financial period	(9,232.88)	(716,656.15)	(8,549.71)	(689,619.61)
Profit/(loss) for the financial year	4,109.23	318,958.43	(683.17)	(55,104.49)
<b>Total equity</b>	<b>58,138.50</b>	<b>4,512,710.37</b>	<b>54,029.27</b>	<b>4,358,000.92</b>

## 4 Short-term borrowed capital

	Eur	Rs.	Eur	Rs.
	2019	2019	2018	2018
Accruals and deferred income	159.15	12,353.22	159.15	12,837.04
<b>Total short-term borrowed capital</b>	<b>159.15</b>	<b>12,353.22</b>	<b>159.15</b>	<b>12,837.04</b>

## BREAKDOWN OF SHARE CAPITAL

	2019		2018	
Eur	No.	Eur	No.	Eur
1 vote/share	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	<b>25.00</b>	<b>2,500.00</b>

	2019		2018	
Rs.	No.	Rs.	No.	Rs.
1 vote/share	25.00	194,050.00	25.00	201,650.00
<b>Total</b>	<b>25.00</b>	<b>194,050.00</b>	<b>25.00</b>	<b>201,650.00</b>

## NOTES TO THE BALANCE SHEET

### OTHER NOTES

#### PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-294) encumbers the land lease agreement signed on 28 June 2011.

The lease term is 50 years.

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution.

Profit for the financial year EUR 4,109.23 (Rs 318,958.43). The Board of Director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki 23 April 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Anne Oravainen**  
board member

**Ville Valtanen**  
board member and CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements**

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019  
KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,227.83)	(95,304.16)	(1,138.38)	(91,821.73)
Property tax	(88.20)	(6,846.08)	(94.21)	(7,598.98)
<b>Total</b>	<u>(1,316.03)</u>	<u>(1,02,150.25)</u>	<u>(1,232.59)</u>	<u>(99,420.71)</u>
<b>Profit/(loss)</b>	<b>(1,316.03)</b>	<b>(1,02,150.25)</b>	<b>(1,232.59)</b>	<b>(99,420.71)</b>
<b>Financial income and expenses</b>				
Interest charges	0.00	0.00	(10.05)	(810.63)
<b>Total financial income and expenses</b>	<u>0.00</u>	<u>0.00</u>	<u>(10.05)</u>	<u>(810.63)</u>
<b>Profit before appropriations and taxes</b>	<u>(1,316.03)</u>	<u>(1,02,150.25)</u>	<u>(1,242.64)</u>	<u>(1,00,231.34)</u>
<b>Group contribution</b>	<u>6,000.00</u>	<u>4,65,720.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit/(loss) for the financial year</b>	<u><u>4,683.97</u></u>	<u><u>3,63,569.75</u></u>	<u><u>(1,242.64)</u></u>	<u><u>(1,00,231.34)</u></u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs.	Eur	Rs.
	appendix	31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	1				
Land areas		307,229.00	23,847,114.98	307,229.00	24,781,091.14
<b>Total tangible assets</b>		<u>307,229.00</u>	<u>23,847,114.98</u>	<u>307,229.00</u>	<u>24,781,091.14</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>307,229.00</u>	<u>23,847,114.98</u>	<u>307,229.00</u>	<u>24,781,091.14</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivable</b>		<u>6,000.00</u>	<u>465,720.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Cash and cash equivalents</b>					
Cash at bank		106.27	8,248.68	1,422.30	114,722.72
<b>Total cash and cash equivalents</b>		<u>106.27</u>	<u>8,248.68</u>	<u>1,422.30</u>	<u>114,722.72</u>
<b>TOTAL CURRENT ASSETS</b>		<u>6,106.27</u>	<u>473,968.68</u>	<u>1,422.30</u>	<u>114,722.72</u>
<b>TOTAL ASSETS</b>		<u>313,335.27</u>	<u>24,321,083.66</u>	<u>308,651.30</u>	<u>24,895,813.86</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Invested unrestricted equity fund		317,741.01	24,663,057.20	317,741.01	25,628,989.87
Profit/(loss) from previous years		(11,611.76)	(901,304.81)	(10,369.12)	(836,373.22)
Profit/(loss) for the financial year		4,683.97	363,569.75	(1,242.64)	(100,231.34)
<b>TOTAL EQUITY</b>		<u>313,313.22</u>	<u>24,319,372.14</u>	<u>308,629.25</u>	<u>24,894,035.31</u>
<b>Short-term borrowed capital</b>	4				
Other current liabilities		22.05	1,711.52	22.05	1,778.55
<b>Total short-term borrowed capital</b>		<u>22.05</u>	<u>1,711.52</u>	<u>22.05</u>	<u>1,778.55</u>
<b>TOTAL LIABILITIES</b>		<u>313,335.27</u>	<u>24,321,083.66</u>	<u>308,651.30</u>	<u>24,895,813.86</u>



## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.	307,229.00	23,847,114.98
<b>Acquisition cost 31.3.</b>	<b>307,229.00</b>	<b>23,847,114.98</b>
<b>Book value 31.3.</b>	<b>307,229.00</b>	<b>23,847,114.98</b>

## 2 Short-term receivables

Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

## 3 LIABILITIES

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	2,500.00	201,650.00
Invested unrestricted equity fund in the beginning of the year	317,741.01	24,663,057.20	316,541.01	25,532,197.87
Additions	0.00	0.00	1,200.00	96,792.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>317,741.01</b>	<b>24,663,057.20</b>	317,741.01	25,628,989.87
Profit/(loss) from prev. financial period	(11,611.76)	(901,304.81)	(10,369.12)	(836,373.22)
Profit/(loss) for the financial year	4,683.97	363,569.75	(1,242.64)	(100,231.34)
<b>Total equity</b>	<b>313,313.22</b>	<b>24,319,372.14</b>	<b>308,629.25</b>	<b>24,894,035.31</b>

## 4 Borrowed capital

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
Accruals and deferred income	22.05	1,711.52	135.00	10,889.10
<b>Total borrowed capital</b>	<b>22.05</b>	<b>1,711.52</b>	<b>135.00</b>	<b>10,889.10</b>

## BREAKDOWN OF SHARE CAPITAL

	2019		2018	
Eur	No.	Eur	No.	Eur
1 vote/share	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	<b>25.00</b>	<b>2,500.00</b>

	2019		2018	
Rs.	No.	Rs	No.	Rs
1 vote/share	25.00	194,050.00	25.00	201,650.00
<b>Total</b>	<b>25.00</b>	<b>194,050.00</b>	<b>25.00</b>	<b>201,650.00</b>

## NOTES TO THE BALANCE SHEET

### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 4,683.97 (Rs 363,569.75). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki 23 April 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Tapio Anttila**  
Board member

**Anne Oravainen**  
Board member

**Ville Valtanen**  
CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's' and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019  
KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,245.41)	(96,668.72)	(116.96)	(9,433.99)
Property tax	(124.51)	(9,664.47)	(124.52)	(10,043.78)
<b>Total</b>	<b>(1,369.92)</b>	<b>(106,333.19)</b>	<b>(241.48)</b>	<b>(19,477.78)</b>
<b>Profit/(loss)</b>	<b>(1,369.92)</b>	<b>(106,333.19)</b>	<b>(241.48)</b>	<b>(19,477.78)</b>
<b>Profit before appropriations and taxes</b>	<b>(1,369.92)</b>	<b>(106,333.19)</b>	<b>(241.48)</b>	<b>(19,477.78)</b>
<b>Group contribution</b>	<b>6,000.00</b>	<b>465,720.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit/(loss) for the financial year</b>	<b>4,630.08</b>	<b>359,386.81</b>	<b>(241.48)</b>	<b>(19,477.78)</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	<b>appendix</b>	<b>Eur</b> <b>3/31/2019</b>	<b>Rs</b> <b>3/31/2019</b>	<b>Eur</b> <b>3/31/2018</b>	<b>Rs</b> <b>3/31/2018</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas		<b>108,666.66</b>	<b>8,434,706.15</b>	108,666.66	8,765,052.80
<b>Total tangible assets</b>		<b>108,666.66</b>	<b>8,434,706.15</b>	108,666.66	8,765,052.80
<b>TOTAL NON-CURRENT ASSETS</b>		<b>108,666.66</b>	<b>8,434,706.15</b>	108,666.66	8,765,052.80
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	<b>2</b>	<b>6,000.00</b>	<b>465,720.00</b>	0.00	0.00
<b>Total short-term receivables</b>		<b>6,000.00</b>	<b>465,720.00</b>	0.00	0.00
<b>Cash and cash equivalents</b>					
Cash at bank		<b>168.25</b>	<b>13,059.57</b>	1,538.17	124,068.79
<b>Total cash and cash equivalents</b>		<b>168.25</b>	<b>13,059.57</b>	1,538.17	124,068.79
<b>TOTAL CURRENT ASSETS</b>		<b>6,168.25</b>	<b>478,779.57</b>	1,538.17	124,068.79
<b>TOTAL ASSETS</b>		<b>114,834.91</b>	<b>8,913,485.71</b>	110,204.83	8,889,121.59
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b>	<b>3</b>	<b>2,500.00</b>	<b>194,050.00</b>	2,500.00	201,650.00
<b>Invested unrestricted equity fund</b>		<b>115,712.28</b>	<b>8,981,587.17</b>	115,712.28	9,333,352.50
<b>Profit/(loss) from previous years</b>		<b>(8,038.57)</b>	<b>(623,953.80)</b>	(7,797.09)	(628,913.28)
<b>Profit/(loss) for the financial year</b>		<b>4,630.08</b>	<b>359,386.81</b>	(241.48)	(19,477.78)
<b>TOTAL EQUITY</b>		<b>114,803.79</b>	<b>8,911,070.18</b>	110,173.71	8,886,611.45
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>4</b>				
Accruals and deferred income		<b>31.12</b>	<b>2,415.53</b>	31.12	2,510.14
<b>Total short-term borrowed capital</b>		<b>31.12</b>	<b>2,415.53</b>	31.12	2,510.14
<b>TOTAL LIABILITIES</b>		<b>114,834.91</b>	<b>8,913,485.71</b>	110,204.83	8,889,121.59

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises. (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1. Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.18	108,666.66	8,434,706.15
Acquisition cost 31.3.19	108,666.66	8,434,706.15
<b>Book value 31.3.19</b>	<b>108,666.66</b>	<b>8,434,706.15</b>

## 2. Short-term receivables

	Eur	Rs
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

## 3. Liabilities

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	2,500.00	201,650.00
Invested unrestricted equity fund in the beginning of the year	115,712.28	8,981,587.17	115,412.28	9,309,154.50
Additions	0.00	0.00	300.00	24,198.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>115,712.28</b>	<b>8,981,587.17</b>	115,712.28	9,333,352.50
Profit/loss from prev. financial period	(8,038.57)	(623,953.80)	(7,797.09)	(628,913.280)
Profit/loss for the financial year	4,630.08	359,386.81	(241.48)	(19,477.78)
<b>Total equity</b>	<b>114,803.79</b>	<b>8,911,070.18</b>	110,173.71	8,886,611.45

## 4. Short-term borrowed capital

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Accruals and deferred income	31.12	2,415.53	31.12	2,415.53
<b>Total short-term borrowed capital</b>	<b>31.12</b>	<b>2,415.53</b>	31.12	2,415.53

## BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	25.00	2,500.00

Rs.	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	25.00	194,050.00	25.00	201,650.00
<b>Total</b>	<b>25.00</b>	<b>194,050.00</b>	25.00	201,650.00

## NOTES TO THE BALANCE SHEET

### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's' proposal for profit distribution

Profit for the financial year EUR 4,630.08 (Rs 359,386.81). The Board of Director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki 23 April 2019

**Riku Rauhala**

Chair of the Board of Director's

**Tapio Anttila**

Board Member

**Anne Oravainen**

Board Member

**Ville Valtanen**

CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**

Authorised Public Accountant



## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemi

### Opinion

We have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**

Authorised Public Accountant, KHT

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.  
Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

	Eur	Rs	Eur	Rs
<u>appendix</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2017- 31.3.2018</u>	<u>1.4.2017- 31.3.2018</u>
<b>TURNOVER</b>				
Considerations	18,867.00	1,464,456.54	16,777.80	1,353,297.35
<b>Total</b>	<u>18,867.00</u>	<u>1,464,456.54</u>	<u>16,777.80</u>	<u>1,353,297.35</u>
<b>Property management expenses</b>				
Administration	(999.59)	(77,588.18)	(386.69)	(31,190.42)
Operation and maintenance	(44.90)	(3,485.14)	(27.80)	(2,157.84)
Water and sewage	(138.77)	(10,771.33)	(1,480.44)	(114,911.75)
Electricity	(11,783.89)	(914,665.54)	(12,175.10)	(945,031.26)
Indemnity insurance	(264.72)	(20,547.57)	(256.48)	(20,687.68)
Rents	(1,783.60)	(138,443.03)	(1,003.05)	(80,906.01)
Property tax	(719.15)	(55,820.42)	(909.21)	(73,336.88)
Repairs	(2,782.67)	(215,990.85)	(3,820.04)	(308,124.43)
<b>Total</b>	<u>(18,517.29)</u>	<u>(1,437,312.05)</u>	<u>(20,058.81)</u>	<u>(1,617,943.61)</u>
<b>Profit/(loss)</b>	349.71	27,144.49	(3,281.01)	(264,646.27)
<b>Financial income and expenses</b>				
Interest income	1,813.39	140,755.33	1,875.03	151,239.92
Interest charges	0.00	0.00	0.00	0.00
<b>Total financial income and expenses</b>	<u>1,813.39</u>	<u>140,755.33</u>	<u>1,875.03</u>	<u>151,239.92</u>
<b>Profit before appropriations and taxes</b>	<u>2,163.10</u>	<u>167,899.82</u>	<u>(1,405.98)</u>	<u>(113,406.35)</u>
<b>Profit/(loss) for the financial year</b>	<u>2,163.10</u>	<u>167,899.82</u>	<u>(1,405.98)</u>	<u>(113,406.35)</u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

	appendix	Eur 31.3.2019	Rs 31.3.2019	Eur 31.3.2018	Rs 31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	1				
Buildings and structures		200,000.00	15,524,000.00	200,000.00	16,132,000.00
Machines and equipment		5,000.00	388,100.00	5,000.00	403,300.00
<b>Total tangible assets</b>		<u>205,000.00</u>	<u>15,912,100.00</u>	<u>205,000.00</u>	<u>16,535,300.00</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>205,000.00</u>	<u>15,912,100.00</u>	<u>205,000.00</u>	<u>16,535,300.00</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	2				
Accounts receivable		3,144.50	244,076.09	5,592.60	451,099.12
Receivables from companies in the same Group		89,025.38	6,910,150.00	88,320.13	7,123,901.69
Accrued income		0.00	0.00	758.97	61,218.52
<b>Total short-term receivables</b>		<u>92,169.88</u>	<u>7,154,226.09</u>	<u>94,671.70</u>	<u>7,636,219.32</u>
<b>Cash and cash equivalents</b>					
Cash at bank		6,652.44	516,362.39	3,645.57	294,051.68
<b>Total cash and cash equivalents</b>		<u>6,652.44</u>	<u>516,362.39</u>	<u>3,645.57</u>	<u>294,051.68</u>
<b>TOTAL CURRENT ASSETS</b>		<u>98,822.32</u>	<u>7,670,588.48</u>	<u>98,317.27</u>	<u>7,930,271.00</u>
<b>TOTAL ASSETS</b>		<u>303,822.32</u>	<u>23,582,688.48</u>	<u>303,317.27</u>	<u>24,465,571.00</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b>	3	9,000.00	698,580.00	9,000.00	725,940.00
<b>Building fund</b>		836,372.70	64,919,248.97	836,372.70	67,461,821.98
<b>Profit/(loss) from previous years</b>		(545,387.24)	(42,332,957.57)	(543,981.26)	(43,877,528.43)
<b>Profit/(loss) for the financial year</b>		2,163.10	167,899.82	(1,405.98)	(113,406.35)
<b>TOTAL EQUITY</b>		<u>302,148.56</u>	<u>23,452,771.23</u>	<u>299,985.46</u>	<u>24,196,827.20</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	4				
Trade payables		0.00	0.00	1,012.05	81,631.95
Accruals and deferred income		1,673.76	129,917.25	2,319.76	187,111.84
<b>Total short-term borrowed capital</b>		<u>1,673.76</u>	<u>129,917.25</u>	<u>3,331.81</u>	<u>268,743.79</u>
<b>TOTAL LIABILITIES</b>		<u>303,822.32</u>	<u>23,582,688.48</u>	<u>303,317.27</u>	<u>24,465,571.00</u>

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1. Tangible Assets

Eur	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4.18	200,000.00	5,000.00	205,000.00
Additions	0.00	0.00	0.00
<b>Acquisition cost 31.3.19</b>	<b>200,000.00</b>	<b>5,000.00</b>	<b>205,000.00</b>
Accumulated depreciation 1.4.18	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
<b>Book value 31.3.19</b>	<b>200,000.00</b>	<b>5,000.00</b>	<b>205,000.00</b>

Rs	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4.18	15,524,000.00	388,100.00	15,912,100.00
Additions	0.00	0.00	0.00
<b>Acquisition cost 31.3.19</b>	<b>15,524,000.00</b>	<b>388,100.00</b>	<b>15,912,100.00</b>
Accumulated depreciation 1.4.18	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
<b>Book value 31.3.19</b>	<b>15,524,000.00</b>	<b>388,100.00</b>	<b>15,912,100.00</b>

## CURRENT ASSETS

## RECEIVABLES

## 2. SHORT-TERM RECEIVABLES

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Accounts receivable	3,144.50	244,076.09	5,592.60	451,099.12
Receivables from companies in the same Group	89,025.38	6,910,150.00	88,320.13	7,123,901.69
Other accrued income	0.00	0.00	758.97	61,218.52
<b>TOTAL</b>	<b>92,169.88</b>	<b>7,154,226.09</b>	<b>94,671.70</b>	<b>7,636,219.32</b>

## 3. LIABILITIES

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
<b>EQUITY</b>				
Share capital in the beginning of the year	9,000.00	698,580.00	9,000.00	725,940.00
<b>Share capital in the end of the year</b>	<b>9,000.00</b>	<b>698,580.00</b>	<b>9,000.00</b>	<b>725,940.00</b>
Building fund in the beginning of the year	836,372.70	64,919,248.97	836,372.70	67,461,821.98
<b>Building fund in the end of the year</b>	<b>836,372.70</b>	<b>64,919,248.97</b>	<b>836,372.70</b>	<b>67,461,821.98</b>
Profit/loss from prev. financial period	(545,387.24)	(42,332,957.57)	(543,981.26)	(43,877,528.43)
Profit/loss for the financial year	2,163.10	167,899.82	(1,405.98)	(113,406.35)
<b>Total equity</b>	<b>302,148.56</b>	<b>23,452,771.23</b>	<b>299,985.46</b>	<b>24,196,827.20</b>

The company has no distributable assets

## NOTES TO THE BALANCE SHEET

### 4. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
Trade payables	0.00	0.00	1,012.05	81,631.95
Accruals and deferred income	1,673.76	129,917.25	2,319.76	187,111.84
<b>Total borrowed capital</b>	<b>1,673.76</b>	<b>129,917.25</b>	<b>3,331.81</b>	<b>268,743.79</b>

### BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	45.00	9,000.00	45.00	9,000.00
<b>Total</b>	<b>45.00</b>	<b>9,000.00</b>	<b>45.00</b>	<b>9,000.00</b>

Rs	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	45.00	698,580.00	45.00	725,940.00
<b>Total</b>	<b>45.00</b>	<b>698,580.00</b>	<b>45.00</b>	<b>725,940.00</b>

### OTHER NOTES

#### PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-394) encumbers the land lease agreement signed on 20 October 2015.

The lease term is 50 years.

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 2,163.10 (Rs 167,899.82). The Board of Director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

### FINANCIAL STATEMENTS

#### DATE AND SIGNATURES

Helsinki 23 April 2019

**Tapio Anttila**  
Chair of the Board of Director's

**Riku Rauhala**  
Board Member

**Anne Oravainen**  
Board Member

**Ville Valtanen**  
CEO

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 1

### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 1 (business identity code 2145035-0) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's are also responsible for 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.

In preparing the financial statements, the Board of Director's are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB  
ESA KAILIALA  
Authorised Public Accountant, KHT

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,153.08)	(89,502.07)	(181.64)	(14,651.08)
Outdoor area management	(1,488.00)	(115,498.56)	(1,488.00)	(120,022.08)
Property tax	(233.37)	(18,114.18)	(233.37)	(18,823.62)
<b>Total</b>	<b>(2,874.45)</b>	<b>(223,114.81)</b>	<b>(1,903.01)</b>	<b>(153,496.79)</b>
<b>Profit/(loss)</b>	<b>(2,874.45)</b>	<b>(223,114.81)</b>	<b>(1,903.01)</b>	<b>(153,496.79)</b>
<b>Financial income and expenses</b>				
Interest income	0.00	0.00	0.00	0.00
Interest charges	(15.31)	(1,188.36)	(3.00)	(241.98)
<b>Total financial income and expenses</b>	<b>(15.31)</b>	<b>(1,188.36)</b>	<b>(3.00)</b>	<b>(241.98)</b>
<b>Profit before appropriations and taxes</b>	<b>(2,889.76)</b>	<b>(224,303.17)</b>	<b>(1,906.01)</b>	<b>(153,738.77)</b>
<b>Group contribution</b>	<b>6,000.00</b>	<b>465,720.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit/(loss) for the financial year</b>	<b>3,110.24</b>	<b>241,416.83</b>	<b>(1,906.01)</b>	<b>(153,738.77)</b>



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
		31-03-2019	31-03-2019	31-03-2018	31-03-2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas	1	124,800.00	9,686,976.00	124,800.00	10,066,368.00
<b>Total tangible assets</b>		<b>124,800.00</b>	<b>9,686,976.00</b>	<b>124,800.00</b>	<b>10,066,368.00</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>124,800.00</b>	<b>9,686,976.00</b>	<b>124,800.00</b>	<b>10,066,368.00</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivables</b>		<b>6,000.00</b>	<b>465,720.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and cash equivalents</b>					
Cash at bank		199.81	15,509.25	2,206.26	177,956.93
<b>Total cash and cash equivalents</b>		<b>199.81</b>	<b>15,509.25</b>	<b>2,206.26</b>	<b>177,956.93</b>
<b>TOTAL CURRENT ASSETS</b>		<b>6,199.81</b>	<b>481,229.25</b>	<b>2,206.26</b>	<b>177,956.93</b>
<b>TOTAL ASSETS</b>		<b>130,999.81</b>	<b>10,168,205.25</b>	<b>127,006.26</b>	<b>10,244,324.93</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Building fund		124,800.00	9,686,976.00	124,800.00	10,066,368.00
Invested unrestricted equity fund		13,636.76	1,058,485.31	13,636.76	1,099,941.06
Profit/(loss) from previous years		(13,988.82)	(1,085,812.21)	(12,082.81)	(974,599.45)
Profit/(loss) for the financial year		3,110.24	241,416.83	(1,906.01)	(153,738.77)
<b>TOTAL EQUITY</b>		<b>130,058.18</b>	<b>10,095,115.93</b>	<b>126,947.94</b>	<b>10,239,620.84</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Debts to companies in the same group	4	883.31	68,562.52		
Accruals and deferred income		58.32	4,526.80	58.32	4,704.09
<b>Total short-term borrowed capital</b>		<b>941.63</b>	<b>73,089.32</b>	<b>58.32</b>	<b>4,704.09</b>
<b>TOTAL LIABILITIES</b>		<b>130,999.81</b>	<b>10,168,205.25</b>	<b>127,006.26</b>	<b>10,244,324.93</b>

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.	124,800.00	9,686,976.00
Acquisition cost 31.3.	124,800.00	9,686,976.00
<b>Book value 31.3.</b>	<b>124,800.00</b>	<b>9,686,976.00</b>

## 2 Short-term receivables

	Eur	Rs
	Land areas	Land areas
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

## 3 LIABILITIES

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Building fund in the beginning of the year	124,800.00	9,686,976.00	124,800.00	10,066,368.00
<b>Building fund in the end of the year</b>	<b>124,800.00</b>	<b>9,686,976.00</b>	<b>124,800.00</b>	<b>10,066,368.00</b>
Invested unrestricted equity fund in the beginning of the year	13,636.76	1,058,485.31	12,636.76	1,019,281.06
Additions	0.00	0.00	1,000.00	80,660.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>13,636.76</b>	<b>1,058,485.31</b>	<b>13,636.76</b>	<b>1,099,941.06</b>
Profit/loss from prev. financial period	(13,988.82)	(1,085,812.21)	(12,082.81)	(974,599.45)
Profit/loss for the financial year	3,110.24	241,416.83	(1,906.01)	(153,738.77)
<b>Total equity</b>	<b>130,058.18</b>	<b>10,095,115.93</b>	<b>126,947.94</b>	<b>10,239,620.84</b>

## BREAKDOWN OF SHARE CAPITAL

	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	25,00	2,500.00	25,00	2,500.00
<b>Total</b>	<b>25,00</b>	<b>2,500.00</b>	<b>25,00</b>	<b>2,500.00</b>

	2019		2018	
	No.	Eur	No.	Rs
Rs				
1 vote/share	25,00	194,050.00	25,00	201,650.00
<b>Total</b>	<b>25,00</b>	<b>194,050.00</b>	<b>25,00</b>	<b>201,650.00</b>

## 4 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	31-03-2019	31-03-2019	31-03-2018	31-03-2018
Debts to companies in the same group	883.31	68,562.52	0.00	0.00
Accruals and deferred income	58.32	4,526.80	58.32	4,704.09
<b>Total short-term borrowed capital</b>	<b>941.63</b>	<b>73,089.32</b>	<b>58.32</b>	<b>4,704.09</b>

## Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 3,110.24 (Rs 241,416.83). The Board of director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS  
DATE AND SIGNATURES

Helsinki 23 April 2019

**Riku Rauhala**  
Chair of the Board of Director

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**

Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 2

### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 2 (business identity code 2145034-2) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for 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.

In preparing the financial statements, the Board of Director's is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**  
*Authorised Public Accountant, KHT*

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

	Eur 1.4.2018- 31.3.2019	Rs 1.4.2018- 31.3.2019	Eur 1.4.2017- 31.3.2018	Rs 1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,151.73)	(89,397.28)	(181.64)	(14,651.08)
Outdoor area management	(2,219.10)	(172,246.54)	(2,219.10)	(178,992.61)
Property tax	(381.62)	(29,621.34)	(381.62)	(30,781.47)
<b>Total</b>	<b>(3,752.45)</b>	<b>(291,265.17)</b>	<b>(2,782.36)</b>	<b>(224,425.16)</b>
<b>Profit/(loss)</b>	<b>(3,752.45)</b>	<b>(291,265.17)</b>	<b>(2,782.36)</b>	<b>(224,425.16)</b>
<b>Financial income and expenses</b>				
Interest income	0.00	0.00	0.00	0.00
Interest charges	0.00	0.00	(3.00)	(241.98)
<b>Total financial income and expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>(3.00)</b>	<b>(241.98)</b>
<b>Profit before appropriations and taxes</b>	<b>(3,752.45)</b>	<b>(291,265.17)</b>	<b>(2,785.36)</b>	<b>(224,667.14)</b>
<b>Group contribution</b>	<b>6,000.00</b>	<b>465,720.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit/(loss) for the financial year</b>	<b>2,247.55</b>	<b>174,454.83</b>	<b>(2,785.36)</b>	<b>(224,667.14)</b>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
		31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas	1	202,800.00	15,741,336.00	202,800.00	16,357,848.00
<b>Total tangible assets</b>		<b>202,800.00</b>	<b>15,741,336.00</b>	<b>202,800.00</b>	<b>16,357,848.00</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>202,800.00</b>	<b>15,741,336.00</b>	<b>202,800.00</b>	<b>16,357,848.00</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivables</b>		<b>6,000.00</b>	<b>465,720.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and cash equivalents</b>					
Cash at bank		21.90	1,699.88	3,774.35	304,439.07
<b>Total cash and cash equivalents</b>		<b>21.90</b>	<b>1,699.88</b>	<b>3,774.35</b>	<b>304,439.07</b>
<b>TOTAL CURRENT ASSETS</b>		<b>6,021.90</b>	<b>467,419.88</b>	<b>3,774.35</b>	<b>304,439.07</b>
<b>TOTAL ASSETS</b>		<b>208,821.90</b>	<b>16,208,755.88</b>	<b>206,574.35</b>	<b>16,662,287.07</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Building fund		202,800.00	15,741,336.00	202,800.00	16,357,848.00
Invested unrestricted equity fund		32,555.11	2,526,927.64	32,555.11	2,625,895.17
Profit/(loss) from previous years		(31,376.16)	(2,435,417.54)	(28,590.80)	(2,306,133.93)
Profit/(loss) for the financial year		2,247.55	174,454.83	(2,785.36)	(224,667.14)
<b>TOTAL EQUITY</b>		<b>208,726.50</b>	<b>16,201,350.93</b>	<b>206,478.95</b>	<b>16,654,592.11</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income	4	95.40	7,404.95	95.40	7,694.96
<b>Total short-term borrowed capital</b>		<b>95.40</b>	<b>7,404.95</b>	<b>95.40</b>	<b>7,694.96</b>
<b>TOTAL LIABILITIES</b>		<b>208,821.90</b>	<b>16,208,755.88</b>	<b>206,574.35</b>	<b>16,662,287.07</b>

## **ACCOUNTING PRINCIPLES**

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

### **Valuation principles**

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.18	202,800.00	15,741,336.00
<b>Acquisition cost 31.3.19</b>	<b>202,800.00</b>	<b>15,741,336.00</b>
<b>Book value 31.3.19</b>	<b>202,800.00</b>	<b>15,741,336.00</b>

##### 2 Short-term receivables

	Eur	Rs
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

##### 3 LIABILITIES

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end on the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Building fund in the beginning on the year	202,800.00	15,741,336.00	202,800.00	16,357,848.00
<b>Building fund in the end of the year</b>	<b>202,800.00</b>	<b>15,741,336.00</b>	<b>202,800.00</b>	<b>16,357,848.00</b>
Invested unrestricted equity fund in the beginning of the year	32,555.11	2,526,927.64	29,855.11	2,408,113.17
Additions	0.00	0.00	2,700.00	217,782.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>32,555.11</b>	<b>2,526,927.64</b>	<b>32,555.11</b>	<b>2,625,895.17</b>
Profit/(loss) from prev. financial period	(31,376.16)	(2,435,417.54)	(28,590.80)	(2,306,133.93)
Profit/(loss) for the financial year	2,247.55	174,454.83	(2,785.36)	(224,667.14)
<b>Total equity</b>	<b>208,726.50</b>	<b>16,201,350.93</b>	<b>206,478.95</b>	<b>16,654,592.11</b>

#### BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	25.00	2,500.00	25.00	2,500.00
<b>Total</b>	<b>25.00</b>	<b>2,500.00</b>	<b>25.00</b>	<b>2,500.00</b>

Rs	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	25.00	194,050.00	25.00	201,650.00
<b>Total</b>	<b>25.00</b>	<b>194,050.00</b>	<b>25.00</b>	<b>201,650.00</b>

##### 4 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	3.31.2019	3.31.2019	3.31.2018	3.31.2018
Accruals and deferred income	95.40	7,404.95	95.40	7,694.96
<b>Total short-term borrowed capital</b>	<b>95.40</b>	<b>7,404.95</b>	<b>95.40</b>	<b>7,694.96</b>

#### Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's' proposal for profit distribution

Profit for the financial year EUR 2,247.55 (Rs 1,74,454.83). The Board of Director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

## FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki, 23 April 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

#### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki, 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant



## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tiurunniemi

### Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2452737-6) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's are also responsible for 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.

In preparing the financial statements, the Board of Director's are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30<sup>th</sup> April, 2019

KPMG OY AB

**ESA KAILIALA**  
*Authorised Public Accountant, KHT*

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
<u>appendix</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2017- 31.3.2018</u>	<u>1.4.2017- 31.3.2018</u>
<b>Property management expenses</b>				
Administration	(1,150.86)	(89,329.75)	(126.38)	(10,193.81)
Property tax	(2,256.51)	(175,150.31)	(2,293.63)	(185,004.20)
<b>Total</b>	<u>(3,407.37)</u>	<u>(264,480.06)</u>	<u>(2,420.01)</u>	<u>(195,198.01)</u>
<b>Profit/(loss)</b>	<b>(3,407.37)</b>	<b>(264,480.06)</b>	<b>(2,420.01)</b>	<b>(195,198.01)</b>
<b>Financial income and expenses</b>				
Interest charges	(14.50)	(1,125.49)	(3.81)	(307.31)
<b>Total financial income and expenses</b>	<u>(14.50)</u>	<u>(1,125.49)</u>	<u>(3.81)</u>	<u>(307.31)</u>
<b>Profit before appropriations and taxes</b>	<u>(3,421.87)</u>	<u>(265,605.55)</u>	<u>(2,423.82)</u>	<u>(195,505.32)</u>
<b>Group contribution</b>	<u>6,000.00</u>	<u>465,720.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit/(loss) for the financial year</b>	<u>2,578.13</u>	<u>200,114.45</u>	<u>(2,423.82)</u>	<u>(195,505.32)</u>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
	appendix	31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas	1	360,000.00	27,943,200.00	360,000.00	29,037,600.00
<b>Total tangible assets</b>		<b>360,000.00</b>	<b>27,943,200.00</b>	<b>360,000.00</b>	<b>29,037,600.00</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>360,000.00</b>	<b>27,943,200.00</b>	<b>360,000.00</b>	<b>29,037,600.00</b>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Total short-term receivables</b>	2	6,000.00	465,720.00	0.00	0.00
<b>Cash and cash equivalents</b>					
Cash at bank		785.06	60,936.36	3,063.43	2,47,096.26
<b>Total cash and cash equivalents</b>		<b>785.06</b>	<b>60,936.36</b>	<b>3,063.43</b>	<b>2,47,096.26</b>
<b>TOTAL CURRENT ASSETS</b>		<b>6,785.06</b>	<b>526,656.36</b>	<b>3,063.43</b>	<b>247,096.26</b>
<b>TOTAL ASSETS</b>		<b>366,785.06</b>	<b>2,84,69,856.36</b>	<b>3,63,063.43</b>	<b>2,92,84,696.26</b>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Invested unrestricted equity fund		977,588.63	75,880,429.46	977,588.63	78,852,298.90
Profit/(loss) from previous years		(617,589.32)	(47,937,283.02)	(615,165.50)	(49,619,249.23)
Profit/(loss) for the financial year		2,578.13	200,114.45	(2,423.82)	(195,505.32)
<b>TOTAL EQUITY</b>		<b>365,077.44</b>	<b>28,337,310.89</b>	<b>362,499.31</b>	<b>29,239,194.34</b>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Debts companies in the same group	4	1,143.50	88,758.47	0.00	0.00
Accruals and deferred income		564.12	43,786.99	564.12	45,501.92
<b>Total short-term borrowed capital</b>		<b>1,707.62</b>	<b>132,545.46</b>	<b>564.12</b>	<b>45,501.92</b>
<b>TOTAL LIABILITIES</b>		<b>366,785.06</b>	<b>28,469,856.36</b>	<b>363,063.43</b>	<b>29,284,696.26</b>

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4	937,229.00	72,747,714.98
Accrued deductions	(577,229.00)	(44,804,514.98)
<b>Acquisition cost 31.3.</b>	<b>360,000.00</b>	<b>27,943,200.00</b>
<b>Book value 31.3.</b>	<b>360,000.00</b>	<b>27,943,200.00</b>

## 2 Short-term receivables

	Eur	Rs
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

## LIABILITIES

## 3 Equity

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Invested unrestricted equity fund in the beginning of the year	977,588.63	75,880,429.46	975,188.63	78,658,714.90
Additions	0.00	0.00	2,400.00	193,584.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>977,588.63</b>	<b>75,880,429.46</b>	<b>977,588.63</b>	<b>78,852,298.90</b>
Profit/loss from prev. financial period	(617,589.32)	(47,937,283.02)	(615,165.50)	(49,619,249.23)

## FINANCIAL STATEMENTS

## DATE AND SIGNATURES

Helsinki 23 April 2019

**Riku Rauhala**

Chair of the Board of Director's

**Tapio Anttila**

Board Member

**Anne Oravainen**

Board Member

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Profit/loss for the financial year	2,578.13	200,114.45	(2,423.82)	(195,505.32)
<b>Total equity</b>	<b>365,077.44</b>	<b>28,337,310.89</b>	<b>362,499.31</b>	<b>29,239,194.34</b>

## 4 Short-term borrowed capital

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Debts to companies in to same group	1,143.50	88,758.47	0.00	0.00
Accruals and deferred income	564.12	43,786.99	564.12	45,501.92
<b>Total short-term borrowed capital</b>	<b>1,707.62</b>	<b>132,545.46</b>	<b>564.12</b>	<b>45,501.92</b>

## BREAKDOWN OF SHARE CAPITAL

	2019		2018	
Eur	No.	Eur	No.	Eur
1 vote/share	2,500.00	2,500.00	2,500.00	2,500.00
<b>Total</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>

	2019		2018	
Rs.	No.	Rs	No.	Rs
1 vote/share	2,500.00	194,050.00	2,500.00	201,650.00
<b>Total</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>

## Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's's proposal for profit distribution

Loss for the financial year EUR 2,578.13(Rs 200,114.45 ). The Board of Director's proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

## AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**

Authorised Public Accountant, KHT

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan liikekiinteistöt 1

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan liikekiinteistöt 1 (business identity code 2384842-6) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
	appendix	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>TURNOVER</b>	<b>1</b>	<b>893,290.62</b>	<b>69,337,217.92</b>	952,192.39	76,803,838.18
<b>Other operating income</b>		<b>0.00</b>	<b>0.00</b>	94.50	7,622.37
External expenses	2	14,084.54	1,093,241.99	862.57	69,574.90
Depreciation and impairments	3	373,973.40	29,027,815.31	389,134.65	31,387,600.87
Other operating expenses	4	272,938.42	21,185,480.16	323,960.50	26,130,653.93
<b>Total</b>		<b>660,996.36</b>	<b>51,306,537.46</b>	713,957.72	57,587,829.70
<b>Profit(loss)</b>		<b>232,294.26</b>	<b>18,030,680.46</b>	238,329.17	19,223,630.85
<b>Financial income and expenses</b>	<b>5</b>				
Interest income		0.00	0.00	3.55	286.34
Interest charges		(179,874.04)	(13,961,822.98)	(191,484.24)	(15,445,118.80)
<b>Total financial income and expenses</b>		<b>(179,874.04)</b>	<b>(13,961,822.98)</b>	(191,480.69)	(15,444,832.46)
		<b>52,420.22</b>	<b>4,068,857.48</b>	46,848.48	3,778,798.40
<b>Profit before appropriations and taxes</b>		<b>52,420.22</b>	<b>4,068,857.48</b>	46,848.48	3,778,798.40
Change in depreciation difference	6	0.00	0.00	0.00	0.00
<b>Profit/(loss) for the financial year</b>		<b>52,420.22</b>	<b>4,068,857.48</b>	46,848.48	3,778,798.40

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
	appendix	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	7	8,909,047.04	691,520,231.24	9,283,020.44	748,768,428.69
<b>Investments</b>					
Other receivables	8	93,603.26	7,265,485.04	93,603.26	7,550,038.95
<b>Total tangible assets</b>		9,002,650.30	698,785,716.29	9,376,623.70	756,318,467.64
<b>TOTAL NON-CURRENT ASSETS</b>		9,002,650.30	698,785,716.29	9,376,623.70	756,318,467.64
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Short-term receivables	9	241,274.71	18,727,742.99	417,338.95	33,662,559.71
<b>Total short-term receivables</b>		241,274.71	18,727,742.99	417,338.95	33,662,559.71
<b>Cash and cash equivalents</b>					
Cash at bank		7,123.51	552,926.85	63,329.67	5,108,171.18
<b>Total cash and cash equivalents</b>		248,398.22	19,280,669.84	63,329.67	5,108,171.18
<b>TOTAL CURRENT ASSETS</b>		248,398.22	19,280,669.84	480,668.62	38,770,730.89
<b>TOTAL ASSETS</b>		9,251,048.52	718,066,386.12	9,857,292.32	795,089,198.53
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b>	10	2,500.00	194,050.00	2,500.00	201,650.00
<b>Building fund</b>		4,873,919.95	378,313,666.52	4,873,919.95	393,130,383.17
<b>Profit(loss) from previous years</b>		(3,147,285.01)	(244,292,262.48)	(3,194,133.49)	(257,638,807.30)
<b>Profit(loss) for the financial year</b>		52,420.22	4,068,857.48	46,848.48	3,778,798.40
<b>TOTAL EQUITY</b>		1,781,555.16	138,284,311.52	1,729,134.94	139,472,024.26
<b>ACCUMULATED APPROPRIATIONS</b>					
Accumulated depreciation difference	11	28,307.87	2,197,256.87	28,307.87	2,283,312.79
<b>BORROWED CAPITAL</b>					
Long-term borrowed capital	12	3,500,000.00	271,670,000.00	4,500,818.40	363,036,012.14
Short-term borrowed capital	13	3,941,185.49	305,914,817.73	3,599,031.11	290,297,849.33
<b>TOTAL BORROWED CAPITAL</b>		7,441,185.49	577,584,817.73	8,099,849.51	653,333,861.48
<b>TOTAL LIABILITIES</b>		9,251,048.52	718,066,386.12	9,857,292.32	795,089,198.53



## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.  
Hitsaajankatu 22, 00810 Helsinki

### ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

#### Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	20-30 yrs
- machines and equipment	5-10 yrs
- other tangible assets	30 yrs

#### Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

#### Board of Director's proposal to process profit and loss for the previous financial year

The Board of Director's proposes to the Annual General Meeting that a profit of EUR 54,420.22 (Rs 4,068,857.48) be transferred to the profit and loss account and that no dividends be distributed.

#### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

## NOTES TO THE PROFIT AND LOSS STATEMENT

### 1. TURNOVER BY SECTOR

Breakdown by sector	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Rent revenues	874,400.00	67,870,928.00	936,791.18	75,561,576.58
Service revenues	18,890.62	1,466,289.92	15,401.21	1,242,261.60
Other revenues	0.00	0.00	94.50	7,622.37
<b>TOTAL</b>	<b>893,290.62</b>	<b>69,337,217.92</b>	<b>952,286.89</b>	<b>76,811,460.55</b>

### 2. MATERIALS AND SERVICES

	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Outsourced services	14,084.54	1,093,241.99	862.57	69,574.90
<b>TOTAL</b>	<b>14,084.54</b>	<b>1,093,241.99</b>	<b>862.57</b>	<b>69,574.90</b>

### 3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Store and warehouse buildings	314,372.01	24,401,555.42	314,372.01	25,357,246.33
Building elements	43,535.52	3,379,227.06	43,535.52	3,511,575.04
Machines and equipment	6,465.87	501,880.83	21,627.12	1,744,443.50
Other tangible assets	5,500.00	426,910.00	5,500.00	443,630.00
Civil defence shelters	4,100.00	318,242.00	4,100.00	330,706.00
<b>Total</b>	<b>373,973.40</b>	<b>29,027,815.31</b>	<b>389,134.65</b>	<b>31,387,600.87</b>

### 4. OTHER OPERATING EXPENSES

	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Machine and equipment rents	0.00	0.00	65.00	5,242.90
Operating and maintenance expenses	18,708.66	1,452,166.19	13,103.64	1,056,939.60
Property management expenses	242,928.41	18,856,103.18	263,432.53	21,248,467.87
Other business expenses	11,301.35	877,210.79	47,359.33	3,820,003.56
<b>Total</b>	<b>272,938.42</b>	<b>21,185,480.16</b>	<b>323,960.50</b>	<b>26,130,653.93</b>

### 5. FINANCIAL INCOME AND EXPENSES

	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Other interest income	0.00	0.00	3.55	286.34
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>3.55</b>	<b>286.34</b>
Interest expenses to companies in the same Group	65,976.56	5,121,100.59	64,250.82	5,182,471.14
Other interest expenses	113,897.48	8,840,722.40	127,233.42	10,262,647.66
<b>Total interest expenses</b>	<b>179,874.04</b>	<b>13,961,822.98</b>	<b>191,484.24</b>	<b>15,445,118.80</b>

**Total financial income and expenses** (179,874.04) (13,961,822.98) (191,480.69) (15,444,832.46)

### 6. APPROPRIATIONS

	Eur		Rs	
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Retail and warehouse buildings	0.00	0.00	0.00	0.00
Building elements	1,383.19	107,363.21	15,003.29	1,210,165.37
Machines and equipment	(1,383.19)	(107,363.21)	(15,003.29)	(1,210,165.37)
Other tangible assets	0.00	0.00	0.00	0.00
Civil defence shelters	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## NOTES TO THE BALANCE SHEET

## CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 7 TANGIBLE ASSETS

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
<b>Acquisition cost 31.3.</b>	<b>329,375.58</b>	<b>13,031,876.36</b>	<b>111,741.31</b>	<b>165,000.00</b>	<b>13,637,993.25</b>
Accumulated depreciation and impairments	0.00	(4,227,839.69)	(101,008.12)	(26,125.00)	(4,354,972.81)
Depreciation for the financial year	0.00	(362,007.53)	(6,465.87)	(5,500.00)	(373,973.40)
Accumulated depreciation	0.00	(4,589,847.22)	(107,473.99)	(31,625.00)	(4,728,946.21)
<b>Book value 31.3.2019</b>	<b>329,375.58</b>	<b>8,442,029.14</b>	<b>4,267.32</b>	<b>133,375.00</b>	<b>8,909,047.04</b>

  

Rs	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4	25,566,132.52	1,011,534,243.06	8,673,360.48	12,807,300.00	1,058,581,036.07
<b>Acquisition cost 31.3.</b>	<b>25,566,132.52</b>	<b>1,011,534,243.06</b>	<b>8,673,360.48</b>	<b>12,807,300.00</b>	<b>1,058,581,036.07</b>
Accumulated depreciation and impairments	0.00	(328,164,916.74)	(7,840,250.27)	(2,027,822.50)	(338,032,989.51)
Depreciation for the financial year	0.00	(28,099,024.48)	(501,880.83)	(426,910.00)	(29,027,815.31)
Accumulated depreciation	0.00	(356,263,941.22)	(8,342,131.10)	(2,454,732.50)	(367,060,804.82)
<b>Book value 31.3.2019</b>	<b>25,566,132.52</b>	<b>655,270,301.85</b>	<b>331,229.38</b>	<b>10,352,567.50</b>	<b>691,520,231.24</b>

## 8 OTHER RECEIVABLES

	Eur	Rs	Eur	Rs
	Other receivables	Other receivables	Other receivables	Other receivables
	31.03.2019	31.03.2019	31.03.2018	31.03.2018
<b>Acquisition cost 1.4</b>	<b>93,603.26</b>	<b>7,265,485.04</b>	93,603.26	7,550,038.95
<b>Acquisition cost 31.3.2019</b>	<b>93,603.26</b>	<b>7,265,485.04</b>	93,603.26	7,550,038.95
<b>Book value 31.3.2019</b>	<b>93,603.26</b>	<b>7,265,485.04</b>	93,603.26	7,550,038.95

## 9. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
	31.03.2019	31.03.2019	31.03.2018	31.03.2018
Receivables from companies in the same Group	241,274.71	18,727,742.99	398,783.70	32,165,893.24
Accounts receivable	0.00	0.00	0.00	0.00
Accrued income	0.00	0.00	18,555.25	1,496,666.47
<b>Total</b>	<b>241,274.71</b>	<b>18,727,742.99</b>	<b>417,338.95</b>	<b>33,662,559.71</b>

## LIABILITIES

## 10. EQUITY

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
Share capital 1.1.	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital 31.3.</b>	<b>2,500.00</b>	<b>194,050.00</b>	2,500.00	201,650.00
Building fund 1.4	4,873,919.95	378,313,666.52	4,873,919.95	393,130,383.17
<b>Building fund 31.3.</b>	<b>4,873,919.95</b>	<b>378,313,666.52</b>	4,873,919.95	393,130,383.17
Profit/loss from prev. financial period 1.4.	-3,147,285.01	-244,292,262.48	-3,194,133.49	-257,638,807.30
Profit/loss for the financial year	52,420.22	4,068,857.48	46,848.48	3,778,798.40
<b>Total equity</b>	<b>1,781,555.16</b>	<b>138,284,311.52</b>	<b>1,729,134.94</b>	<b>139,472,024.26</b>

## CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Profit/loss from prev. financial period 1.1.	(3,147,285.01)	(253,860,008.91)	(3,194,133.49)	(257,638,807.30)
Profit/loss from prev. financial period 1.1.	(3,147,285.01)	(253,860,008.91)	(3,194,133.49)	(257,638,807.30)
<b>Profit/loss for the financial year</b>	<b>52,420.22</b>	<b>4,228,214.95</b>	46,848.48	3,778,798.40
<b>Total</b>	<b>(3,094,864.79)</b>	<b>249,631,793.96</b>	<b>(3,147,285.01)</b>	<b>253,860,008.91</b>

## 11. ACCUMULATED APPROPRIATIONS

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Depreciation difference retail and warehouse buildings	26,364.54	2,046,415.59	26,364.54	2,126,563.80
Depreciation difference on building elements	73,116.02	5,675,265.47	71,732.83	5,785,970.07
Depreciation difference on machines and equipment	(71,172.69)	(5,524,424.20)	(69,789.50)	(5,629,221.07)
<b>Total accumulated depreciation difference</b>	<b>28,307.87</b>	<b>2,197,256.87</b>	<b>28,307.87</b>	<b>2,283,312.79</b>

12. LONG-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Loans from financial institutions	3,500,000.00	271,670,000.00	4,500,000.00	362,970,000.00
Security deposits received	0.00	0.00	818.40	66,012.14
<b>Total long-term borrowed capital</b>	<b>3,500,000.00</b>	<b>271,670,000.00</b>	<b>4,500,818.40</b>	<b>363,036,012.14</b>

LIABILITIES MATURING IN MORE THAN FIVE YEARS

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Loans from financial institutions	0.00	0.00	3,950,000.00	318,607,000.00
<b>Total long-term borrowed capital</b>	<b>0.00</b>	<b>0.00</b>	<b>3,950,000.00</b>	<b>318,607,000.00</b>

13. SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Loans from financial institutions	1,000,000.00	77,620,000.00	650,000.00	52,429,000.00
Trade payables	5,104.96	396,247.00	2,033.27	164,003.56
Liabilities for companies in the same Group	2,869,692.49	222,745,531.07	2,803,715.93	226,147,726.91
Other liabilities	13,189.74	1,023,787.62	81,675.16	6,587,918.41
Accruals and deferred income	53,198.30	4,129,252.05	61,606.75	4,969,200.46
<b>Total short-term borrowed capital</b>	<b>3,941,185.49</b>	<b>305,914,817.73</b>	<b>3,599,031.11</b>	<b>290,297,849.33</b>

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, 23 April 2019

**Marko Hiltunen**  
Chair of the Board of Director's  
CEO

**Riku Rauhala**  
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
KHT

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Accrued interest expense	25,422.92	1,973,327.05	30,161.98	2,432,865.31
Reserve for missing purchase invoices	27,775.38	2,155,925.00	31,444.77	2,536,335.15
<b>Total</b>	<b>53,198.30</b>	<b>4,129,252.05</b>	<b>61,606.75</b>	<b>4,969,200.46</b>

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Loans from financial institutions	4,500,000.00	362,970,000.00	5,150,000.00	415,399,000.00
<b>Total</b>	<b>4,500,000.00</b>	<b>362,970,000.00</b>	<b>5,150,000.00</b>	<b>415,399,000.00</b>
Mortgages	10,000,000.00	776,200,000.00	10,000,000.00	806,600,000.00
<b>Total</b>	<b>10,000,000.00</b>	<b>776,200,000.00</b>	<b>10,000,000.00</b>	<b>806,600,000.00</b>

OTHER NOTES

The company is obligated to audit VAT deductions made on its property investments every year for 10 years after completion of the investment, to the extent that the value added taxable use of the property decreases during the period under review.

The maximum liability is EUR 1,457,213.91 (Rs 113,108,943.69) as of 31 March 2019.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Director's proposal for profit distribution

Profit for the financial year EUR 52,420.22 (Rs 4,068,857.48). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

## AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

### Opinion

We have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for 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.

In preparing the financial statements, the Board of Director's is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

**KPMG OY AB**

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
	appendix	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>TURNOVER</b>		<b>382,038.84</b>	<b>29,653,854.76</b>	360,970.44	29,115,875.69
<b>Other operating income</b>		<b>106,447.82</b>	<b>8,262,479.79</b>	131,654.04	10,619,214.87
<b>Materials and services</b>					
Purchases during the financial year		<b>(283,424.60)</b>	<b>(21,999,417.45)</b>	(265,465.93)	(21,412,481.91)
Change in inventory		<b>560.39</b>	<b>43,497.47</b>	(2,854.75)	(230,264.14)
External services	1	<b>(59,659.73)</b>	<b>(4,630,788.24)</b>	(50,590.80)	(4,080,653.93)
		<b>(342,523.94)</b>	<b>(26,586,708.22)</b>	(318,911.48)	(25,723,399.98)
<b>Personnel expenses</b>					
<b>Salaries and fees</b>	2	<b>(38,778.12)</b>	<b>(3,009,957.67)</b>	(39,649.37)	(3,198,118.18)
<b>Social security costs</b>					
Pension expenses		<b>(7,023.36)</b>	<b>(545,153.20)</b>	(7,473.21)	(602,789.12)
Other social security costs		<b>698.08</b>	<b>54,184.97</b>	(449.95)	(36,292.97)
		<b>(45,103.40)</b>	<b>(3,500,925.91)</b>	(47,572.53)	(3,837,200.27)
<b>Depreciation and impairments</b>					
Planned depreciation	3	<b>(13,028.80)</b>	<b>(1,011,295.46)</b>	(42,423.17)	(3,421,852.89)
<b>Other operating expenses</b>					
Other operating expenses	4	<b>(58,944.89)</b>	<b>(4,575,302.36)</b>	(58,730.59)	(4,737,209.39)
		<b>(71,973.69)</b>	<b>(5,586,597.82)</b>	(101,153.76)	(8,159,062.28)
<b>Profit/(loss)</b>		<b>28,885.63</b>	<b>2,242,102.60</b>	24,986.71	2,015,428.03
<b>Financial income and expenses</b>	5				
Interest income		<b>17.35</b>	<b>1,346.71</b>	0.88	70.98
Interest charges					
for companies in the same Group		<b>(250.00)</b>	<b>(19,405.00)</b>	(36.81)	(2,969.09)
for others		<b>(62.15)</b>	<b>(4,824.08)</b>	(232.17)	(18,726.83)
<b>Total financial income and expenses</b>		<b>(294.80)</b>	<b>(22,882.38)</b>	(268.10)	(21,624.95)
<b>Profit before appropriations and taxes</b>		<b>28,590.83</b>	<b>2,219,220.22</b>	24,718.61	1,993,803.08
<b>Profit/loss for the financial year</b>		<b>28,590.83</b>	<b>2,219,220.22</b>	24,718.61	1,993,803.08

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
	appendix	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Intangible assets</b>	6				
<b>Other capitalised long-term expenditures</b>		2,237.14	173,646.81	5,267.63	424,887.04
<b>Tangible assets</b>	7				
Machines and equipment		1,219.96	94,693.30	11,008.27	887,927.06
Other tangible assets		175.00	13,583.50	385.00	31,054.10
<b>Investments</b>					
Shares and participations		1,000.00	77,620.00	1,000.00	80,660.00
<b>Total tangible assets</b>		2,394.96	185,896.80	12,393.27	999,641.16
<b>TOTAL NON-CURRENT ASSETS</b>		2,394.96	185,896.80	12,393.27	999,641.16
<b>CURRENT ASSETS</b>		4,632.10	359,543.60	17,660.90	1,424,528.19
<b>Current assets</b>					
Materials and supplies		11,217.18	870,677.51	10,656.79	859,576.68
<b>Short-term receivables</b>	8				
Accounts receivable		0.00	0.00	1,305.50	105,301.63
Receivables from companies in the same Group		177,434.49	13,772,465.11	158,842.74	12,812,255.41
Other receivables		4,143.11	321,588.20	4,322.92	348,686.73
Accrued income		467.16	36,260.96	6,143.27	495,516.16
<b>Total short-term receivables</b>		182,044.76	14,130,314.27	170,614.43	13,761,759.92
<b>Cash and cash equivalents</b>					
Cash at bank		24,419.36	1,895,430.72	19,812.16	1,598,048.83
<b>Total cash and cash equivalents</b>		24,419.36	1,895,430.72	19,812.16	1,598,048.83
<b>TOTAL CURRENT ASSETS</b>		217,681.30	16,896,422.51	201,083.38	16,219,385.43
<b>TOTAL ASSETS</b>		222,313.40	17,255,966.11	218,744.28	17,643,913.62

appendix	Eur		Rs	
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>LIABILITIES</b>				
<b>EQUITY</b>				
	9			
Share capital	100,000.00	7,762,000.00	100,000.00	8,066,000.00
Invested unrestricted equity fund	1,023,860.96	79,472,087.72	1,023,860.96	82,584,625.03
Profit(loss) from previous years	(982,386.72)	(76,252,857.21)	(1,007,105.33)	(81,233,115.92)
Profit(loss) for the financial year	28,590.83	2,219,220.22	24,718.61	1,993,803.08
<b>TOTAL EQUITY</b>	<b>170,065.07</b>	<b>13,200,450.73</b>	141,474.24	11,411,312.20
<b>BORROWED CAPITAL</b>				
<b>Short-term borrowed capital</b>				
	10			
Trade payables	5,546.35	430,507.69	11,549.23	931,560.89
Liabilities for companies in the same Group	16,928.69	1,314,004.92	8,441.45	680,887.36
Other liabilities	11,622.64	902,149.32	41,721.70	3,365,272.32
Accruals and deferred income	11	18,150.65	1,408,853.45	15,557.66
		52,248.33	4,055,515.37	77,270.04
<b>TOTAL BORROWED CAPITAL</b>		<b>52,248.33</b>	<b>4,055,515.37</b>	77,270.04
<b>TOTAL LIABILITIES</b>		<b>222,313.40</b>	<b>17,255,966.11</b>	218,744.28
				17,643,913.62

## NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

### ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

#### Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- machines and equipment	3-5 yrs
- other tangible assets	5 yrs
- other long term expences	10 yrs

#### Current assets

Receivables and liabilities have been valued at the nominal value.

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India

#### Board of Director's proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 28,590.83 (Rs 2,219,220.22) be transferred to the profit and loss account and that no dividends be distributed.

#### Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

## NOTES TO THE PROFIT AND LOSS STATEMENT

### 1. MATERIALS AND SERVICES

	Eur	Rs	Eur	Rs
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Outsourced services	59,659.73	4,630,788.24	50,590.80	4,080,653.93
Other personnel expenses				
<b>TOTAL</b>	<b>59,659.73</b>	<b>4,812,153.82</b>	<b>50,590.80</b>	<b>4,080,653.93</b>

### 2. PERSONNEL

Average number	1.4.2018-31.3.2019	1.4.2017-31.3.2018
Officers	1	1
Employees	0	0
<b>TOTAL</b>	<b>1</b>	<b>1</b>

### 3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	Rs	Eur	Rs
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Other capitalised long-term expenditures	(3,030.49)	(235,226.63)	(3,981.46)	(321,144.56)
Machines and equipment	(9,788.31)	(759,768.62)	(38,231.71)	(3,083,769.73)
Other tangible assets	(210.00)	(16,300.20)	(210.00)	(16,938.60)
<b>TOTAL</b>	<b>(13,028.80)</b>	<b>(1,011,295.46)</b>	<b>(42,423.17)</b>	<b>(3,421,852.89)</b>

### 4. OTHER OPERATING EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Marketing expenses	(3,363.13)	(261,046.15)	(944.82)	(76,209.18)
Operating and maintenance expenses	(5,212.24)	(404,574.07)	(5,976.20)	(482,040.29)
Rents	(28,444.43)	(2,207,856.66)	(30,724.58)	(2,478,244.62)
Other expenses	(21,925.09)	(1,701,825.49)	(21,084.99)	(1,700,715.29)
<b>TOTAL</b>	<b>(58,944.89)</b>	<b>(4,575,302.36)</b>	<b>(58,730.59)</b>	<b>(4,737,209.39)</b>

### 5. FINANCIAL INCOME AND EXPENSES

	Eur	Rs	Eur	Rs
	1.4.2018-31.3.2019	1.4.2018-31.3.2019	1.4.2017-31.3.2018	1.4.2017-31.3.2018
Other interest income	17.35	1346.707	0.88	70.98
<b>TOTAL</b>	<b>17.35</b>	<b>1346.707</b>	<b>0.88</b>	<b>70.98</b>
Interest expenses to companies in the same Group	(250.00)	(19,405.00)	(36.81)	(2,969.09)
Other interest expenses	(62.15)	(4,824.08)	(232.17)	(18,726.83)
<b>Total interest expenses</b>	<b>(312.15)</b>	<b>(24,229.08)</b>	<b>(268.98)</b>	<b>(21,695.93)</b>
<b>Total financial income and expenses</b>	<b>(294.80)</b>	<b>(22,882.38)</b>	<b>(268.10)</b>	<b>(21,624.95)</b>

## NOTES TO THE BALANCE SHEET

### CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

### 6. INTANGIBLE ASSETS

	Other capitalised long-term expenditures	Total
<b>Eur</b>		
Acquisition cost at the start of the financial year	19,694.43	19,694.43
<b>Acquisition cost 31.3.</b>	<b>19,694.43</b>	<b>19,694.43</b>
Accumulated planned depreciation at the start of the financial year	(14,426.80)	(14,426.80)
Depreciation for the financial year	(3,030.49)	(3,030.49)
Accumulated planned depreciation at the start of the financial year	(17,457.29)	(17,457.29)
<b>Book value 31.3.</b>	<b>2,237.14</b>	<b>2,237.14</b>



	Other capitalised long-term expenditures	Total
<b>Rs</b>		
Acquisition cost at the start of the financial year	1,528,681.66	1,528,681.66
<b>Acquisition cost 31.3.</b>	<b>1,528,681.66</b>	<b>1,528,681.66</b>
Accumulated planned depreciation at the start of the financial year	(1,119,808.22)	(1,119,808.22)
Depreciation for the financial year	(235,226.63)	(235,226.63)
Accumulated planned depreciation at the start of the financial year	(1,355,034.85)	(1,355,034.85)
<b>Book value 31.3.</b>	<b>173,646.81</b>	<b>173,646.81</b>

## 7. TANGIBLE ASSETS

	Machines and equipment	Other tangible assets	Total
<b>Eur</b>			
Acquisition cost at the start of the financial year	204,809.76	1,618.56	206,428.32
<b>Acquisition cost 31.3.</b>	<b>204,809.76</b>	<b>1,618.56</b>	<b>206,428.32</b>
Accumulated planned depreciation at the start of the financial year	(193,801.49)	(1,233.56)	(195,035.05)
Depreciation for the financial year	(9,788.31)	(210.00)	(9,998.31)
Accumulated planned depreciation at the start of the financial year	(203,589.80)	(1,443.56)	(205,033.36)
<b>Book value 31.3.</b>	<b>1,219.96</b>	<b>175.00</b>	<b>1,394.96</b>

	Machines and equipment	Other tangible assets	Total
<b>Rs</b>			
Acquisition cost at the start of the financial year	15,897,333.57	125,632.63	16,022,966.20
<b>Acquisition cost 31.3.</b>	<b>15,897,333.57</b>	<b>125,632.63</b>	<b>16,022,966.20</b>
Accumulated planned depreciation at the start of the financial year	(15,042,871.65)	(95,748.93)	(15,138,620.58)
Depreciation for the financial year	(759,768.62)	(16,300.20)	(776,068.82)
Accumulated planned depreciation at the start of the financial year	(15,802,640.28)	(112,049.13)	(15,914,689.40)
<b>Book value 31.3.</b>	<b>94,693.30</b>	<b>13,583.50</b>	<b>108,276.80</b>

## 8. SHORT-TERM RECEIVABLES

	Eur	Rs	Eur	Rs
Short-term receivables	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Receivables from companies in the same Group	177,434.49	13,772,465.11	158,842.74	12,812,255.41
Accounts receivable	0.00	0.00	1,305.50	105,301.63
Other receivables	4,143.11	321,588.20	4,322.92	348,686.73
Accrued income	467.16	36,260.96	6,143.27	495,516.16
<b>TOTAL</b>	<b>182,044.76</b>	<b>14,130,314.27</b>	<b>170,614.43</b>	<b>13,761,759.92</b>

## LIABILITIES

9. EQUITY	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Share capital 1.1.	100,000.00	7,762,000.00	100,000.00	8,066,000.00
<b>Share capital 31.3.</b>	<b>100,000.00</b>	<b>7,762,000.00</b>	<b>100,000.00</b>	<b>8,066,000.00</b>
Invested unrestricted equity fund 1.1.2015	1,023,860.96	79,472,087.72	1,023,860.96	82,584,625.03
<b>Invested unrestricted equity fund 31.3.</b>	<b>1,023,860.96</b>	<b>79,472,087.72</b>	<b>1,023,860.96</b>	<b>82,584,625.03</b>
Profit/loss from prev. financial period 1.10.	(982,386.72)	(76,252,857.21)	(1,007,105.33)	(81,233,115.92)
Profit/loss for the financial year	28,590.83	2,219,220.22	24,718.61	1,993,803.08
<b>Total equity</b>	<b>170,065.07</b>	<b>13,200,450.73</b>	<b>141,474.24</b>	<b>11,411,312.20</b>

The company has no distributable assets

## 10 SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>Liabilities for companies in the same Group</b>				
Trade payables	16,641.88	1,291,742.73	8,404.64	677,918.26
Other liabilities	10,000.00	776,200.00	10,000.00	806,600.00
Accruals and deferred income	286.81	22,262.19	36.81	2,969.09
<b>Total short-term borrowed capital</b>	<b>26,928.69</b>	<b>2,090,204.92</b>	<b>18,441.45</b>	<b>1,487,487.36</b>
	Eur	Rs.	Eur	Rs.
<b>Liabilities for others</b>	<b>31.3.2019</b>	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2018</b>
Trade payables	5,546.35	430,507.69	11,549.23	931,560.89
Other liabilities	1,622.64	125,949.32	31,721.70	2,558,672.32
Accruals and deferred income	18,150.65	1,408,853.45	15,557.66	1,254,880.86
<b>Total short-term borrowed capital</b>	<b>25,319.64</b>	<b>1,965,310.46</b>	<b>58,828.59</b>	<b>4,745,114.07</b>

## 11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur	Rs	Eur	Rs
	31.3.2019	31.3.2019	31.3.2018	31.3.2018
Salaries and holiday pay	10,591.82	822,137.07	10,397.10	838,630.09
Employer pension contribution	758.83	58,900.38	657.50	53,033.95
Other	6,800.00	527,816.00	4,503.06	363,216.82
<b>Total</b>	<b>18,150.65</b>	<b>1,408,853.45</b>	<b>15,557.66</b>	<b>1,254,880.86</b>

Notes to the financial statements compliant with the Limited Liability Companies Act.

### Board of Director's proposal for profit distribution

Profit for the financial year EUR 28,590.83 (Rs 2,219,220.22). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

## FINANCIAL STATEMENTS

### DATE AND SIGNATURES

Helsinki 23 April 2019

**Marko Hiltunen**  
Chair of the Board of Director's

**Anne Puhakainen**  
Board Member

**Anne Oravainen**  
Board Member

### AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
KHT

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpyläntorni 1

### Opinion

We have audited the financial statements of Kiinteistö Oy Kylpyläntorni 1 (business identity code 2498932-7) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's for the Financial Statements

The Board of Director's is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for 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.

In preparing the financial statements, the Board of Director's is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

	Eur	Rs	Eur	Rs
<u>appendix</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2017- 31.3.2018</u>	<u>1.4.2017- 31.3.2018</u>
<b>Property management expenses</b>				
Administration	(1,265.56)	(98,232.77)	(448.86)	(36,205.05)
Property tax	(180.35)	(13,998.77)	(180.35)	(14,547.03)
<b>Total</b>	<u>(1,445.91)</u>	<u>(112,231.53)</u>	<u>(629.21)</u>	<u>(50,752.08)</u>
<b>Profit/(loss)</b>	<u>(1,445.91)</u>	<u>(112,231.53)</u>	<u>(629.21)</u>	<u>(50,752.08)</u>
<b>Profit before appropriations and taxes</b>	<u>(1,445.91)</u>	<u>(112,231.53)</u>	<u>(629.21)</u>	<u>(50,752.08)</u>
<b>Profit/(loss) for the financial year</b>	<u>(1,445.91)</u>	<u>(112,231.53)</u>	<u>(629.21)</u>	<u>(50,752.08)</u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

	appendix	<u>Eur</u> <u>31.3.2019</u>	<u>Rs</u> <u>31.3.2019</u>	<u>Eur</u> <u>31.3.2018</u>	<u>Rs</u> <u>31.3.2018</u>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>					
Land areas	1	<u>250,566.00</u>	<u>19,448,932.92</u>	<u>250,566.00</u>	<u>20,210,653.56</u>
<b>Total tangible assets</b>		<u>250,566.00</u>	<u>19,448,932.92</u>	<u>250,566.00</u>	<u>20,210,653.56</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>250,566.00</u>	<u>19,448,932.92</u>	<u>250,566.00</u>	<u>20,210,653.56</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
<b>Cash and cash equivalents</b>					
Cash at bank		<u>1,790.80</u>	<u>139,001.90</u>	<u>1,736.71</u>	<u>140,083.03</u>
<b>Total cash and cash equivalents</b>		<u>1,790.80</u>	<u>139,001.90</u>	<u>1,736.71</u>	<u>140,083.03</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,790.80</u>	<u>139,001.90</u>	<u>1,736.71</u>	<u>140,083.03</u>
<b>TOTAL ASSETS</b>		<u>252,356.80</u>	<u>19,587,934.82</u>	<u>252,302.71</u>	<u>20,350,736.59</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	2	<u>2,500.00</u>	<u>194,050.00</u>	<u>2,500.00</u>	<u>201,650.00</u>
Invested unrestricted equity fund		<u>258,105.79</u>	<u>20,034,171.42</u>	<u>256,605.79</u>	<u>20,697,823.02</u>
Profit/(loss) from previous years		<u>(6,848.14)</u>	<u>(531,552.63)</u>	<u>(6,218.93)</u>	<u>(501,618.89)</u>
Profit/(loss) for the financial year		<u>(1,445.91)</u>	<u>(112,231.53)</u>	<u>(629.21)</u>	<u>(50,752.08)</u>
<b>TOTAL EQUITY</b>		<u>252,311.74</u>	<u>19,584,437.26</u>	<u>252,257.65</u>	<u>20,347,102.05</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Accruals and deferred income	3	<u>45.06</u>	<u>3,497.56</u>	<u>45.06</u>	<u>3,634.54</u>
<b>Total short-term borrowed capital</b>		<u>45.06</u>	<u>3,497.56</u>	<u>45.06</u>	<u>3,634.54</u>
<b>TOTAL LIABILITIES</b>		<u>252,356.80</u>	<u>19,587,934.82</u>	<u>252,302.71</u>	<u>20,350,736.59</u>

## ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

### Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1. TANGIBLE ASSETS

	Eur	Rs
	<u>Land areas</u>	<u>Land areas</u>
Acquisition cost 1.4.18	250,566.00	19,448,932.92
<b>Acquisition cost 31.3.19</b>	<u>250,566.00</u>	<u>19,448,932.92</u>
<b>Book value 31.3.19</b>	<u><b>250,566.00</b></u>	<u><b>19,448,932.92</b></u>

##### 2. LIABILITIES

	Eur	Rs	Eur	Rs
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital at the end of the year</b>	<u>2,500.00</u>	<u>194,050.00</u>	<u>2,500.00</u>	<u>201,650.00</u>
Invested unrestricted equity fund in the beginning of the year	256,605.79	19,917,741.42	256,105.79	20,657,493.02
Lisäykset	1,500.00	116,430.00	500.00	40,330.00
<b>Invested unrestricted equity fund at the end of the year</b>	<u>258,105.79</u>	<u>20,034,171.42</u>	<u>256,605.79</u>	<u>20,697,823.02</u>
Profit/(loss) from prev. financial period	(6,848.14)	(531,552.63)	(6,218.93)	(501,618.89)
Profit/(loss) for the financial year	(1445.91)	(112,231.53)	(629.21)	(50,752.08)
<b>Total equity</b>	<u><b>252,311.74</b></u>	<u><b>19,584,437.26</b></u>	<u><b>252,257.65</b></u>	<u><b>20,347,102.05</b></u>

##### 3. BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Accruals and deferred income	45.06	3,497.56	45.06	3,634.54
<b>Total borrowed capital</b>	<u><b>45.06</b></u>	<u><b>3,497.56</b></u>	<u><b>45.06</b></u>	<u><b>3,634.54</b></u>

#### BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	100.00	2,500.00	100.00	2,500.00
<b>Total</b>	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>	<u><b>100.00</b></u>	<u><b>2,500.00</b></u>

Rs	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	100.00	194,050.00	100.00	201,650.00
<b>Total</b>	<u><b>100.00</b></u>	<u><b>194,050.00</b></u>	<u><b>100.00</b></u>	<u><b>201,650.00</b></u>

**OTHER NOTES**

**PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

In the deed dated 29 October 2013, Kiinteistö Oy Kylpyläntorni 1 is obligated to refrain from selling or otherwise transferring undeveloped lots to any party other than those given advance approval by the City based on a written application submitted to it.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Director's proposal for profit distribution

Loss for the financial year EUR 1,445.91 (Rs 112,231.53). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS**

**DATE AND SIGNATURES**

Helsinki 23 April 2019

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 30 April 2019

\_\_\_\_\_  
**Riku Rauhala**

Chair of the Board of Director's

\_\_\_\_\_  
**Tapio Anttila**

Board Member

KPMG OY AB

\_\_\_\_\_  
**Anne Oravainen**

Board Member

\_\_\_\_\_  
**Esa Kailiala**

Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2  
Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*



## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group.

The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1

which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018 -31.3.2019	1.4.2018 -31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,200.81)	(93,206.87)	(126.38)	(10,193.81)
Outdoor area management	(1,215.20)	(94,323.82)	(1,215.20)	(98,018.03)
Property tax	(136.20)	(10,571.84)	(136.20)	(10,985.89)
<b>Total</b>	<u>(2,552.21)</u>	<u>(198,102.54)</u>	<u>(1,477.78)</u>	<u>(119,197.73)</u>
<b>Profit/(loss)</b>	(2,552.21)	(198,102.54)	(1,477.78)	(119,197.73)
<b>Financial income and expenses</b>				
Interest charges	16.07	1,247.35	0.00	0.00
<b>Total financial income and expenses</b>	<u>16.07</u>	<u>1,247.35</u>	<u>0.00</u>	<u>0.00</u>
<b>Profit before appropriations and taxes</b>	(2,568.28)	(199,349.89)	(1,477.78)	(119,197.73)
<b>Group contribution</b>	6,000.00	465,720.00	0.00	0.00
<b>Profit/(loss) for the financial year</b>	<u>3,431.72</u>	<u>266,370.11</u>	<u>(1,477.78)</u>	<u>(119,197.73)</u>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

		Eur	Rs	Eur	Rs
	<u>appendix</u>	<u>31.3.2019</u>	<u>31.3.2019</u>	<u>31.3.2018</u>	<u>31.3.2018</u>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>1</b>				
Land areas		142,350.28	11,049,228.73	142,350.28	11,481,973.58
<b>Total tangible assets</b>		<u>142,350.28</u>	<u>11,049,228.73</u>	<u>142,350.28</u>	<u>11,481,973.58</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>142,350.28</u>	<u>11,049,228.73</u>	<u>142,350.28</u>	<u>11,481,973.58</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivables</b>		<u>6,000.00</u>	<u>465,720.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Cash and cash equivalents</b>					
Cash at bank		115.86	8,993.05	1,600.15	129,068.10
<b>Total cash and cash equivalents</b>		<u>115.86</u>	<u>8,993.05</u>	<u>1,600.15</u>	<u>129,068.10</u>
<b>TOTAL CURRENT ASSETS</b>		<u>6,115.86</u>	<u>474,713.05</u>	<u>1,600.15</u>	<u>129,068.10</u>
<b>TOTAL ASSETS</b>		<u>148,466.14</u>	<u>11,523,941.79</u>	<u>143,950.43</u>	<u>11,611,041.68</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Building fund		139,130.28	10,799,292.33	139,130.28	11,222,248.38
Invested unrestricted equity fund		8,291.29	643,569.93	8,291.29	668,775.45
Profit(loss) from previous years		(6,005.19)	(466,122.85)	(4,527.41)	(365,180.89)
Profit(loss) for the financial year		3,431.72	266,370.11	(1,477.78)	(119,197.73)
<b>TOTAL EQUITY</b>		<u>147,348.10</u>	<u>11,437,159.52</u>	<u>143,916.38</u>	<u>11,608,295.21</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Debts to companies in the same group	4	1,083.99	84,139.30	0.00	0.00
Accruals and deferred income		34.05	2,642.96	34.05	2,746.47
<b>Total short-term borrowed capital</b>		<u>1,118.04</u>	<u>86,782.26</u>	<u>34.05</u>	<u>2,746.47</u>
<b>TOTAL LIABILITIES</b>		<u>148,466.14</u>	<u>11,523,941.79</u>	<u>143,950.43</u>	<u>11,611,041.68</u>

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

#### 1 TANGIBLE ASSETS

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.	142,350.28	11,049,228.73
<b>Acquisition cost 31.3.</b>	<b>142,350.28</b>	<b>11,049,228.73</b>
<b>Book value 31.3.</b>	<b>142,350.28</b>	<b>11,049,228.73</b>

#### 2 SHORT-TERM RECEIVABLES

	Eur	Rs
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

#### 3 LIABILITIES

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	2,500.00	201,650.00
Building fund in the beginning of the year	139,130.28	10,799,292.33	139,130.28	11,222,248.38
<b>Building fund in the end of the year</b>	<b>139,130.28</b>	<b>10,799,292.33</b>	139,130.28	11,222,248.38
Invested unrestricted equity fund in the beginning of the year	8,291.29	643,569.93	7,891.29	636,511.45
Additions	0.00	0.00	400.00	32,264.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>8,291.29</b>	<b>643,569.93</b>	8,291.29	668,775.45
Profit/loss from prev. financial period	(6,005.19)	(466,122.85)	(4,527.41)	(365,180.89)
Profit/loss for the financial year	3,431.72	266,370.11	(1,477.78)	(119,197.73)
<b>Total equity</b>	<b>147,348.10</b>	<b>11,437,159.52</b>	<b>143,916.38</b>	<b>11,608,295.21</b>

#### 4 SHORT-TERM BORROWED CAPITAL

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
Accruals and deferred income	34.05	2,642.96	34.05	2,746.47
<b>Total short-term borrowed capital</b>	<b>34.05</b>	<b>2,642.96</b>	<b>34.05</b>	<b>2,746.47</b>

#### BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	100.00	2,500.00	100.00	2,500.00
<b>Total</b>	<b>100.00</b>	<b>2,500.00</b>	<b>100.00</b>	<b>2,500.00</b>

Rs	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	100.00	194,050.00	100.00	201,650.00
<b>Total</b>	<b>100.00</b>	<b>194,050.00</b>	<b>100.00</b>	<b>201,650.00</b>

**OTHER NOTES**

**Easements**

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on 31 October 2014. Spa Lofts 2 is entitled to build rescue services access to the Saimaan Action Park Oy lot.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Director's proposal for profit distribution

Profit for the financial year EUR 3,431.72 (Rs 266,370.11). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS**

**DATE AND SIGNATURES**

Helsinki 23 April 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

**Mikko Litmanen**  
CEO

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing

practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki 30 April 2019

KPMG OY AB

**ESA KAILIALA**

*Authorised Public Accountant, KHT*

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62 = FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Eur	Rs	Eur	Rs
	1.4.2018- 31.3.2019	1.4.2018- 31.3.2019	1.4.2017- 31.3.2018	1.4.2017- 31.3.2018
<b>Property management expenses</b>				
Administration	(1,159.43)	(89,994.96)	(135.80)	(10,953.63)
Outdoor area management	(1,215.20)	(94,323.82)	(1,215.20)	(98,018.03)
Property tax	(365.48)	(28,368.56)	(365.49)	(29,480.42)
<b>Total</b>	<u>(2,740.11)</u>	<u>(2,12,687.34)</u>	<u>(1,716.49)</u>	<u>(1,38,452.08)</u>
<b>Profit/(loss)</b>	(2,740.11)	(2,12,687.34)	(1,716.49)	(1,38,452.08)
<b>Financial income and expenses</b>				
Interest charges	(19.53)	(1,515.92)	(3.00)	(241.98)
<b>Total financial income and expenses</b>	<u>(19.53)</u>	<u>(1,515.92)</u>	<u>(3.00)</u>	<u>(241.98)</u>
<b>Profit before appropriations and taxes</b>	<u>(2,759.64)</u>	<u>(2,14,203.26)</u>	<u>(1,719.49)</u>	<u>(1,38,694.06)</u>
<b>Group contribution</b>	6,000.00	4,65,720.00	0.00	0.00
<b>Profit/(loss) for the financial year</b>	<u>3,240.36</u>	<u>2,51,516.74</u>	<u>(1,719.49)</u>	<u>(1,38,694.06)</u>



BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

	appendix	Eur 31.3.2019	Rs 31.3.2019	Eur 31.3.2018	Rs 31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	1				
Land areas		140,090.60	10,873,832.37	140,090.60	11,299,707.80
<b>Total tangible assets</b>		140,090.60	10,873,832.37	140,090.60	11,299,707.80
<b>TOTAL NON-CURRENT ASSETS</b>		140,090.60	10,873,832.37	140,090.60	11,299,707.80
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>					
Accrued income	2	6,000.00	465,720.00	0.00	0.00
<b>Total short-term receivables</b>		6,000.00	465,720.00	0.00	0.00
<b>Cash and cash equivalents</b>					
Cash at bank		2.50	194.05	1,747.61	140,962.22
<b>Total cash and cash equivalents</b>		2.50	194.05	1,747.61	140,962.22
<b>TOTAL CURRENT ASSETS</b>		6,002.50	465,914.05	1,747.61	140,962.22
<b>TOTAL ASSETS</b>		146,093.10	11,339,746.42	141,838.21	11,440,670.02
<b>LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	3	2,500.00	194,050.00	2,500.00	201,650.00
Building fund		137,110.60	10,642,524.77	137,110.60	11,059,341.00
Invested unrestricted equity fund		8,941.89	694,069.50	8,941.89	721,252.85
Profit/(loss) from previous years		(6,805.64)	(528,253.78)	(5,086.15)	(410,248.86)
Profit/(loss) for the financial year		3,240.36	251,516.74	(1,719.49)	(138,694.06)
<b>TOTAL EQUITY</b>		144,987.21	11,253,907.24	141,746.85	11,433,300.92
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>					
Debts to companies in the same group .....	4	1,014.53	78,747.82	0.00	0.00
Accruals and deferred income .....		91.36	7,091.36	91.36	7,369.10
<b>Total short-term borrowed capital .....</b>		1,105.89	85,839.18	91.36	7,369.10
<b>TOTAL LIABILITIES .....</b>		146,093.10	11,339,746.42	141,838.21	11,440,670.02

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON-CURRENT ASSETS

#### INTANGIBLE AND TANGIBLE ASSETS

##### 1 Tangible assets

	Eur	Rs
	Land areas	Land areas
Acquisition cost 1.4.18	140,090.60	10,873,832.37
<b>Acquisition cost 31.3.19</b>	140,090.60	10,873,832.37
<b>Book value 31.3.19</b>	<b>140,090.60</b>	<b>10,873,832.37</b>

##### 2 Short-term receivables

	Eur	Rs
Receivables from the companies in the same group	6,000.00	465,720.00
<b>Total</b>	<b>6,000.00</b>	<b>465,720.00</b>

##### 3 LIABILITIES

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
<b>EQUITY</b>				
Share capital in the beginning of the year	2,500.00	194,050.00	2,500.00	201,650.00
<b>Share capital in the end of the year</b>	<b>2,500.00</b>	<b>194,050.00</b>	<b>2,500.00</b>	<b>201,650.00</b>
Building fund in the beginning of the year	137,110.60	10,642,524.77	137,110.60	11,059,341.00
<b>Building fund in the end of the year</b>	<b>137,110.60</b>	<b>10,642,524.77</b>	<b>137,110.60</b>	<b>11,059,341.00</b>
Invested unrestricted equity fund in the beginning of the year	8,941.89	694,069.50	8,341.89	672,856.85
Additions	0.00	0.00	600.00	48,396.00
<b>Invested unrestricted equity fund in the end of the year</b>	<b>8,941.89</b>	<b>694,069.50</b>	<b>8,941.89</b>	<b>721,252.85</b>
Profit/loss from prev. financial period	(6,805.64)	(528,253.78)	(5,086.15)	(410,248.86)
Profit/loss for the financial year	3,240.36	265,488.34	(1,719.49)	(138,694.06)
<b>Total equity</b>	<b>144,987.21</b>	<b>11,253,907.24</b>	<b>141,746.85</b>	<b>11,433,300.92</b>

##### 4 Short-term borrowed capital

	Eur	Rs	Eur	Rs
	2019	2019	2018	2018
Debts to companies in to same group	1,014.53	78,747.82	0.00	0.00
Accruals and deferred income	91.36	7,091.36	91.36	7,369.10
<b>Total borrowed capital</b>	<b>1,105.89</b>	<b>85,839.18</b>	<b>91.36</b>	<b>7,369.10</b>

#### BREAKDOWN OF SHARE CAPITAL

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	100.00	2,500.00	100.00	2,500.00
<b>Total</b>	<b>100.00</b>	<b>2,500.00</b>	<b>100.00</b>	<b>2,500.00</b>

Rs	2019		2018	
	No.	Rs.	No.	Rs.
1 vote/share	100.00	194,050.00	100.00	201,650.00
<b>Total</b>	<b>100.00</b>	<b>194,050.00</b>	<b>100.00</b>	<b>201,650.00</b>

**OTHER NOTES**

**Easements**

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Spa Lofts 2 is entitled to build five parking spaces and rescue services access.

**Mortgages**

Real property owned by the company has been mortgaged as collateral for liabilities set under an agreement signed by Holiday Club Resorts Oy.

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Director's proposal for profit distribution

Profit for the financial year EUR 3,240.36 (Rs 251,516.74). The Board of Director's proposes to the Annual General Meeting that that the loss be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS**

**DATE AND SIGNATURES**

Helsinki, 23 April, 2019

**Riku Rauhala**  
Chair of the Board of Director's

**Tapio Anttila**  
Board Member

**Anne Oravainen**  
Board Member

**Mikko Litmanen**  
CEO

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 30 April, 2019

KPMG OY AB

**Esa Kalliala**  
Authorised Public Accountant

## AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkejärvi 1

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kiinteistö Oy Kuusamon Pulkkejärvi 1 (business identity code 0780839-5) for the year ended 31 March, 2019. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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 the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's and the Managing Director are also responsible for 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.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, 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 the Board of Director's and the Managing 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 so that the financial statements give a true and fair view.

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.

Helsinki, 30 April, 2019

KPMG OY AB

**ESA KAILIALA**  
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

	Eur	Rs	Eur	Rs
<u>appendix</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2018- 31.3.2019</u>	<u>1.4.2017- 31.3.2018</u>	<u>1.4.2017- 31.3.2018</u>
<b>TURNOVER</b>				
Rent income	11,628.00	902,565.36	11,628.00	937,914.48
<b>Total</b>	<u>11,628.00</u>	<u>902,565.36</u>	<u>11,628.00</u>	<u>937,914.48</u>
<b>Depreciation</b>				
	1			
Buildings and structures	(3,734.64)	(289,882.76)	(3,890.28)	(313,789.98)
<b>Total</b>	<u>(3,734.64)</u>	<u>(289,882.76)</u>	<u>(3,890.28)</u>	<u>(313,789.98)</u>
<b>Property management expenses</b>				
Administration	(1,231.38)	(95,579.72)	(250.07)	(20,170.65)
Outdoor area management	0.00	0.00	0.00	0.00
Water and sewage	0.00	0.00	7.20	580.75
Electricity	(1,516.67)	(117,723.93)	(2,019.89)	(162,924.33)
Indemnity insurance	(55.21)	(4,285.40)	(80.23)	(6,471.35)
Property tax	(270.43)	(20,990.78)	(276.67)	(22,316.20)
Repairs	0.00	0.00	0.00	0.00
Other expenses	0.00	0.00	0.00	0.00
<b>Total</b>	<u>(3,073.69)</u>	<u>(238,579.82)</u>	<u>(2,619.66)</u>	<u>(211,301.78)</u>
<b>Profit/(loss)</b>	4,819.67	374,102.79	5,118.06	412,822.72
<b>Financial income and expenses</b>				
Interest charges	(1,907.82)	(148,084.99)	(1,980.08)	(159,713.25)
<b>Total financial income and expenses</b>	<u>(1,905.11)</u>	<u>(147,874.64)</u>	<u>(1,980.08)</u>	<u>(159,713.25)</u>
<b>Profit before appropriations and taxes</b>	<u>2,914.56</u>	<u>226,228.15</u>	<u>3,137.98</u>	<u>253,109.47</u>
<b>Other direct taxes</b>				
Direct taxes	(582.37)	(45,203.56)	(627.60)	(50,622.22)
<b>Total</b>	<u>(582.37)</u>	<u>(45,203.56)</u>	<u>(627.60)</u>	<u>(50,622.22)</u>
<b>Profit/(loss) for the financial year</b>	<u>2,332.19</u>	<u>181,024.59</u>	<u>2,510.38</u>	<u>202,487.25</u>

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

		Eur	Rs	Eur	Rs
	appendix	31.3.2019	31.3.2019	31.3.2018	31.3.2018
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Tangible assets</b>	<b>2</b>				
Land areas		248,581.74	19,294,914.66	248,581.74	20,050,603.15
Buildings and structures		89,632.60	6,957,282.41	93,367.24	7,531,001.58
<b>Total tangible assets</b>		<u>338,214.34</u>	<u>26,252,197.07</u>	<u>341,948.98</u>	<u>27,581,604.73</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>338,214.34</u>	<u>26,252,197.07</u>	<u>341,948.98</u>	<u>27,581,604.73</u>
<b>CURRENT ASSETS</b>					
<b>Short-term receivables</b>	<b>3</b>				
Accrued income		0.00	0.00	784.80	63,301.97
<b>Total short-term receivables</b>		<u>0.00</u>	<u>0.00</u>	<u>784.80</u>	<u>63,301.97</u>
<b>Cash and cash equivalents</b>					
Cash at bank		9,443.78	733,026.20	13,065.37	1,053,852.74
<b>Total cash and cash equivalents</b>		<u>9,443.78</u>	<u>733,026.20</u>	<u>13,065.37</u>	<u>1,053,852.74</u>
<b>TOTAL CURRENT ASSETS</b>		<u>9,443.78</u>	<u>733,026.20</u>	<u>13,850.17</u>	<u>1,117,154.71</u>
<b>TOTAL ASSETS</b>		<u>347,658.12</u>	<u>26,985,223.27</u>	<u>355,799.15</u>	<u>28,698,759.44</u>
<b>LIABILITIES</b>					
<b>EQUITY</b>					
<b>Share capital</b>	<b>4</b>	2,522.81	195,820.51	2,522.81	203,489.85
<b>Building fund</b>		82,860.58	6,431,638.22	82,860.58	6,683,534.38
<b>Other equity</b>		170,766.78	13,254,917.46	170,766.78	13,774,048.47
<b>Profit/(loss) from previous years</b>		21,208.27	1,646,185.92	18,697.89	1,508,171.81
<b>Profit/(loss) for the financial year</b>		2,332.19	181,024.59	2,510.38	202,487.25
<b>TOTAL EQUITY</b>		<u>279,690.63</u>	<u>21,709,586.70</u>	<u>277,358.44</u>	<u>22,371,731.77</u>
<b>BORROWED CAPITAL</b>					
<b>Short-term borrowed capital</b>	<b>5</b>				
Other loans group companies		66,917.53	5,194,138.68	77,913.12	6,284,472.26
Accruals and deferred income		467.59	36,294.34	527.59	42,555.41
Taxes		582.37	0.00	0.00	0.00
<b>Total short-term borrowed capital</b>		<u>67,967.49</u>	<u>5,275,636.57</u>	<u>78,440.71</u>	<u>6,327,027.67</u>
<b>TOTAL LIABILITIES</b>		<u>347,658.12</u>	<u>26,985,223.27</u>	<u>355,799.15</u>	<u>28,698,759.44</u>

## ACCOUNTING PRINCIPLES

### Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

4% of the buildings were written off during the financial year.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 77.62= FC 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India.

## NOTES TO THE PROFIT AND LOSS STATEMENT

## 1 Depreciation and impairments

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Buildings and structures	3,734.64	289,882.76	3,890.28	313,789.98
<b>Total</b>	<b>3,734.64</b>	<b>289,882.76</b>	<b>3,890.28</b>	<b>313,789.98</b>

## NOTES TO THE BALANCE SHEET

## ASSETS

## NON-CURRENT ASSETS

## INTANGIBLE AND TANGIBLE ASSETS

## 2 Tangible assets

Eur	Buildings and structures		
	Land areas	structures	Total
Acquisition cost 1.4.18	248,581.74	121,796.28	370,378.02
Additions	0.00	0.00	0.00
<b>Acquisition cost 31.3.19</b>	<b>248,581.74</b>	<b>121,796.28</b>	<b>370,378.02</b>
Accumulated depreciation 1.4.18	0.00	28,429.04	28,429.04
Depreciation for the financial year	0.00	3,734.64	3,734.64
<b>Book value 31.3.19</b>	<b>248,581.74</b>	<b>89,632.60</b>	<b>338,214.34</b>

## Rs

	Buildings and structures		
	Land areas	structures	Total
Acquisition cost 1.4.18	19,294,914.66	9,453,827.25	28,748,741.91
Additions	0.00	0.00	0.00
<b>Acquisition cost 31.3.19</b>	<b>19,294,914.66</b>	<b>9,453,827.25</b>	<b>28,748,741.91</b>
Accumulated depreciation 1.4.18	0.00	2,206,662.08	2,206,662.08
Depreciation for the financial year	0.00	289,882.76	289,882.76
<b>Book value 31.3.19</b>	<b>19,294,914.66</b>	<b>6,957,282.41</b>	<b>26,252,197.07</b>

## CURRENT ASSETS

## RECEIVABLES

## 3 Short-term receivables

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Tax assets	0.00	0.00	784.80	63,301.97
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>784.80</b>	<b>63,301.97</b>

## LIABILITIES

## 4 Equity

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Share capital in the beginning of the year	2,522.81	195,820.51	2,522.81	203,489.85
<b>Share capital in the end of the year</b>	<b>2,522.81</b>	<b>195,820.51</b>	<b>2,522.81</b>	<b>203,489.85</b>
Building fund in the beginning of the year	82,860.58	6,431,638.22	82,860.58	6,683,534.38
<b>Building fund in the end of the year</b>	<b>82,860.58</b>	<b>6,431,638.22</b>	<b>82,860.58</b>	<b>6,683,534.38</b>
Other restricted equity in the beginning of the year...	170,766.78	13,254,917.46	170,766.78	13,774,048.47
<b>Other restricted equity in the end of the year</b>	<b>170,766.78</b>	<b>13,254,917.46</b>	<b>170,766.78</b>	<b>13,774,048.47</b>
Profit/loss from prev. financial period	21,208.27	1,646,185.92	18,697.89	1,508,171.81
Profit/(loss) for the financial year	2,332.19	181,024.59	2,510.38	202,487.25
<b>Total equity</b>	<b>279,690.63</b>	<b>21,709,586.70</b>	<b>277,358.44</b>	<b>22,371,731.77</b>



**5 Short-term borrowed capital**

	Eur 2019	Rs 2019	Eur 2018	Rs 2018
Other loans group companies	66,917.53	5,194,138.68	77,913.12	6,284,472.26
Accruals and deferred income	467.59	36,294.34	527.59	42,555.41
Tax liabilities	582.37	45,203.56	0.00	0.00
<b>Total borrowed capital</b>	<b>67,967.49</b>	<b>5,275,636.57</b>	<b>78,440.71</b>	<b>6,327,027.67</b>

**BREAKDOWN OF SHARE CAPITAL**

Eur	2019		2018	
	No.	Eur	No.	Eur
1 vote/share	30.00	2,522.81	30.00	2,522.81
<b>Total</b>	<b>30.00</b>	<b>2,522.81</b>	<b>30.00</b>	<b>2,522.81</b>

Rs	2019		2018	
	No.	Rs	No.	Rs
1 vote/share	30.00	195,820.51	30.00	203,489.85
<b>Total</b>	<b>30.00</b>	<b>195,820.51</b>	<b>30.00</b>	<b>203,489.85</b>

**Notes to the financial statements compliant with the Limited Liability Companies Act.**

Board of Director's proposal for profit distribution  
 Profit for the financial year EUR 2,332.19 (Rs. 181,024.59). The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

**FINANCIAL STATEMENTS**

**DATE AND SIGNATURES**

Helsinki 23 April 2019

**Tapio Anttila**  
 Chair of the Board of Director's

**Riku Rauhala**  
 CEO/Board Member

**Anne Oravainen**  
 Board Member

**AUDITOR'S NOTE**

A report of the audit has been submitted today.

Helsinki 30 April 2019

KPMG OY AB

**Esa Kailiala**  
 Authorised Public Accountant

## AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity number 559032-5733

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sport and Spa Hotels AB as of 31 March 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sport and Spa Hotels AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's and the Managing Director*

The Board of Director's and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Director's and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Director's and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Director's and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Holiday Club Sport and Spa Hotels AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's and the Managing Director*

The Board of Director's is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Director's is responsible for the company's organization and the administration of the company's affairs.

This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Director's guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Director's or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 23 April 2019

**Öhrlings PricewaterhouseCoopers AB**

**Magnus Olsson**

Authorized Public Accountant

## ADMINISTRATION REPORT

### Information regarding the operations

The Company conducts hotel operations with accompanying spa, bathing facilities, gym and restaurants. The Company's registered office is in Åre, Sweden.

### Multi-year summary (kSEK)

	2018/19	2017/18	2016/17	2015/16
Net sales	142,615	133,942	109,961	54,774
Profit/loss after financial	860	(3,284)	(11,715)	5,408
Equity/assets ratio (%)	7.0	5.9	12.0	35.5

### Ownership

Name	Number of	Number of
Holiday Club Sweden AB, 556683-0385	510,000	510,000
Aktiv Travel Management i Åre AB, 556634-1789	415,000	415,000
Pernilla Gravenfors	75,000	75,000

### Ownership structure

The Parent Company in the smallest Group in which the Company is included and that prepares consolidated financial statements is Holiday Club Resorts OY with the Corporate Registration Number 2033337-1 with registered office in Helsinki, Finland.

The Parent Company in the largest Group in which the Company is included and that prepares consolidated financial statements is Mahindra & Mahindra Ltd L65990MH1945PLC004558 with registered office in India.

The annual reports for the Parent Companies are available at the Finnish Patent and Registration Office (PRH) in Finland and the Ministry of Corporate Affairs (Company Master Data) in India.

### Significant events during the financial year

In 2018/19, the Company conducted a series of investments, including in the water treatment system at the bathing facilities to reduce the use of chemicals, improve health and safety and optimise operations.

This year the business has also successfully increased volumes, particularly in the private market. The Alpine World Ski Championships in Åre also made a positive impact in February on bookings and earnings. The volume increase also helped the Company improve margins for most products. The Company was also successful in its timing of group conferences by increasing bookings on weekdays and decreasing bookings at weekends to make space for private guests. Furthermore, the Company optimised average prices, where a higher price was charged during attractive periods.

Management had a particular focus on developing existing events and on creating more events. The focus was primarily on the snowless season when already established and new events provided further reasons to travel to the destination. In the MICE market, initiatives have continued on personal selling and a slight increase in volume was achieved.

Liquidity strengthened during the year, particularly due to increased profitability. A balance sheet for liquidation purposes was established on 31 July 2018 but capital was restored on 31 March 2019.

### Expected future development and significant risks and uncertainty factors

Ahead of the snowless season, a new operating concept was created with optimised opening hours, particularly for restaurants, which resulted in notice being issued to three staff and some ten employees now have reduced working hours, mostly from 100-75 per cent.

The Company is optimistic about developments in the business and expects continued expansion.

### Changes in equity

	Share Capital	Share Premium Reserve	Retained earnings for the year	Profit/loss for the year	Total
Opening balance	1,000,000	12,000,000	(5,992,051)	(3,283,513)	3,724,436
Appropriation of profits as resolved by the AGM:			(3,283,513)	3,283,513	0
Profit/loss for the year				860,285	860,285
<b>Closing balance</b>	<b>1,000,000</b>	<b>12,000,000</b>	<b>(9,275,564)</b>	<b>860,285</b>	<b>4,584,721</b>

### Proposed appropriation of profits

The Board of Director's proposes that the profits available for distribution (SEK):

	SEK
accumulated loss	(9,275,564)
Share premium reserve	12,000,000 net
Profit for the year	860,285
	<b>3,584,721</b>
be distributed as follows to be carried forward	3,584,721

The Company's earnings and financial position are presented in the following income statement and balance sheet as well as cash flow statement with accompanying notes.

**INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>Note</b>	<b>1 Apr 2018 -31 Mar 2019</b>	1 April 2017 -31 Mar 2018
Net sales	2,3	<b>142,615,449</b>	133,941,905
Other operating income		<b>3,141,704</b>	2,704,238
		<b>145,757,153</b>	136,646,143
<b>Operating expenses</b>			
Raw materials and consumables		<b>(17,074,183)</b>	(16,481,155)
Other external expenses	4, 5	<b>(82,167,508)</b>	(79,574,557)
Personnel costs	6	<b>(37,783,983)</b>	(36,321,565)
Depreciation, amortisation and impairment of tangible and intangible assets		<b>(6,470,111)</b>	(6,017,466)
		<b>(143,495,785)</b>	(138,394,743)
<b>Operating profit</b>	3	<b>2,261,368</b>	(1,748,600)
<b>Profit/(loss) from financial items</b>		<b>(599,806)</b>	(387,342)
Interest expenses to Group companies		<b>(801,277)</b>	(1,147,571)
Interest expenses and similar profit/loss items		<b>(1,401,083)</b>	(1,534,913)
<b>Profit/(Loss) after financial items</b>		<b>860,285</b>	(3,283,513)
<b>Profit/(Loss) before tax</b>		<b>860,285</b>	(3,283,513)
<b>Net profit/(loss) for the year</b>		<b>860,285</b>	(3,283,513)

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	<b>Note</b>	<b>1 Apr 2018 -31 Mar 2019</b>	<b>1 April 2017 -31 Mar 2018</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Immateriella fixed assets</i>			
Goodwill	7	2,093,069	3,348,918
Software	8	76,334	112,243
		<u>2,169,403</u>	<u>3,461,161</u>
<i>Tangible assets</i>			
Construction in progress and prepayments	11	0	0
Equipment, tools, fixtures and fittings	10	36,700,777	40,640,787
Improvement fees on the property of others	9	2,083,329	2,208,329
		<u>38,784,106</u>	<u>42,849,116</u>
<b>Total fixed assets</b>		<u><u>40,953,509</u></u>	<u><u>46,310,277</u></u>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Raw materials and consumables		804,404	875,467
Finished goods and goods for resale		457,534	467,939
		<u>1,261,938</u>	<u>1,343,406</u>
<i>Current receivables</i>			
Accounts receivable		3,585,560	8,774,789
Current tax assets		784,578	716,038
Other receivables		1,794,339	2,285,938
Prepaid expenses and accrued income	12	13,378,157	3,698,713
		<u>19,542,634</u>	<u>15,475,478</u>
<i>Cash and bank balances</i>		<u>3,635,260</u>	291,195
<b>Total current assets</b>		<u><u>24,439,832</u></u>	<u><u>17,110,079</u></u>
<b>TOTAL ASSETS</b>		<u><u>65,393,341</u></u>	<u><u>63,420,356</u></u>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

	<b>Note</b>	<b>1 Apr 2018 -31 Mar 2019</b>	1 April 2017 -31 Mar 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	13, 17		
<b>Restricted equity</b>			
Share capital		<u>1,000,000</u>	<u>1,000,000</u>
		<u>1,000,000</u>	<u>1,000,000</u>
<b>Non-restricted equity</b>			
Share premium reserve		12,000,000	12,000,000
Retained earnings		(9,275,564)	(5,992,052)
Net profit/(loss) for the year		<u>860,285</u>	<u>(3,283,513)</u>
		<u>3,584,721</u>	<u>2,724,435</u>
<b>Total equity</b>		<u>4,584,721</u>	<u>3,724,435</u>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	14	<u>5,452,000</u>	<u>10,000,000</u>
<b>Total non-current liabilities</b>		<u>5,452,000</u>	<u>10,000,000</u>
<b>Current liabilities</b>			
Overdraft facilities		0	2,840,397
Liabilities to credit institutions		4,548,000	4,188,000
Accounts payable		14,297,567	13,757,947
Liabilities to Group companies		14,115,947	13,524,456
Other liabilities		11,367,329	4,673,458
Accrued expenses and deferred income	15	<u>11,027,778</u>	<u>10,711,663</u>
<b>Total current liabilities</b>		<u>55,356,621</u>	<u>49,695,921</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>65,393,342</u></u>	<u><u>63,420,356</u></u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	<b>Note</b>	<b>1 Apr 2018 -31 Mar 2019</b>	<b>1 Apr 2017 -31 Mar 2018</b>
<b>Operating activities</b>			
Profit after financial items		<b>860,285</b>	(3,283,513)
Adjustments for items not included in cash flow	16	<b>7,061,593</b>	6,404,848
Income tax paid		<b>(354,900)</b>	(871,334)
<b>Cash flow from operating activities before changes in working capital</b>		<b>7,566,978</b>	2,250,001
<b>Cash flow from changes in working capital</b>			
Change in inventories		<b>81,468</b>	(248,752)
Valuation of accounts receivable		<b>5,189,230</b>	(3,434,660)
Change in current receivables		<b>(8,901,485)</b>	(2,049,358)
Change in accounts payable		<b>539,620</b>	(2,552,451)
Change in current liabilities		<b>4,169,588</b>	1,365,179
<b>Cash flow from operating activities</b>		<b>8,645,399</b>	(4,670,041)
<b>Investing activities</b>			
Net investments in tangible assets		<b>(1,113,334)</b>	(4,637,986)
<b>Cash flow from investing activities</b>		<b>(1,113,334)</b>	(4,637,986)
<b>Financing activities</b>			
Borrowings		<b>0</b>	2,000,000
Group loans raised		<b>0</b>	11,151,120
Repayment of debt		<b>(4,188,000)</b>	(4,008,000)
<b>Cash flow from financing activities</b>		<b>(4,188,000)</b>	9,143,120
<b>Cash flow for the year</b>		<b>3,344,065</b>	(164,907)
<b>Cash and cash equivalents at beginning of the year</b>			
Opening cash and cash equivalents		<b>291,195</b>	456,102
<b>Closing cash and cash equivalents</b>		<b>3,635,260</b>	291,195



## NOTES

### Note 1 Accounting and valuation policies

#### General information

This annual report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting policies remain unchanged as compared to the previous year.

#### Revenue recognition

Revenue has been measured at the fair value of consideration received or receivable. The Company therefore recognises revenue at nominal value (invoice amount) of remuneration received in cash and cash equivalents directly upon delivery. Deduction is made for discounts granted.

#### Fixed assets

Intangible and tangible assets are recognised at cost less accumulated amortisation/depreciation and any impairment.

Depreciation takes place on a straight-line basis over the estimated useful life of the asset taking the significant residual value into account. The following periods of depreciation are applied:

#### Intangible assets

Software	20%
Goodwill	20%

#### Tangible assets

Improvement fees on the property of others	5%
Equipment, tools, fixtures and fittings	5-20%

#### Accounts receivable/current receivables

Accounts receivable and current receivables are recognised as current assets at the amount expected to be paid after deduction of individually assessed doubtful receivables.

#### Leases

The Company recognises all leases, both financial and operating, as operating leases. Operating leases are recognised as a cost straight-line over the leasing period.

#### Inventories

Inventories are valued at the lower of cost and net realisable value on the balance sheet date. The net realisable value refers to the calculated sales price of the products less selling costs. The selected valuation method means that the inventory obsolescence has been taken into consideration.

#### Income tax

##### Current tax

Current tax refers to income tax for the current financial year and the portion of previous taxable income tax which has not

yet been reported. Current tax is calculated based on the tax rate applicable on the balance sheet date.

#### Definitions of key performance indicators

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of balance sheet total.

### Note 2 Distribution of net sales

	<b>1 Apr 2018</b>	1 Apr 2017
	<b>-31 Mar 2019</b>	-31 Mar 2018
<b>Net sales by business segment</b>		
Hotel operations	<b>142,615,449</b>	133,941,906
	<b>142,615,449</b>	133,941,906

### Note 3 Intra-Group purchases and sales

	<b>1 Apr 2018</b>	1 Apr 2017
	<b>-31 Mar 2019</b>	-31 Mar 2018
Percentage of total purchases during the year from other Group companies	<b>0.28%</b>	0.00%
Percentage of total sales during the year to other Group companies	<b>1.88%</b>	1.60%

### Note 4 Leases – Operating leases lessee

Lease costs for the year amounted to SEK 39,988,274.

Future lease payments, for non-cancellable leases, fall due for payment as follows:

	<b>1 Apr 2018</b>	1 Apr 2017
	<b>-31 Mar 2019</b>	-31 Mar 2018
Within one year	<b>40,332,582</b>	39,138,419
Between one and five years	<b>159,458,491</b>	154,653,456
Later than five years	<b>55,679,777</b>	54,607,958
	<b>255,470,850</b>	248,399,833

### Note 5 Auditor's fees

The audit assignment relates to the review of the annual report and accounts as well as the administration by the Board of Director's, other duties to be performed by the Company's auditor and advisory services or other assistance in response to observations during such examination or implementation or such other duties. Other services are such services as are not included in the audit assignment, auditing activities or tax advisory services.

	1 Apr 2018 -31 Mar 2019	1 Apr 2017 -31 Mar 2018	Note 8 Software	31 Mar 2019	31 Mar 2018
<b>PwC</b>					
Audit assignments	150,000	150,900	Opening cost	179,545	179,545
Other services	43,588	198,876	<b>Closing accumulated cost</b>	179,545	179,545
	<b>193,588</b>	348,876			
<b>Note 6 Employees and personnel costs</b>					
	1 Apr 2018 -31 Mar 2019	1 Apr 2017 -31 Mar 2018	Opening depreciation	(67,302)	(31,386)
<b>Average number of employees</b>			Depreciation for the year	(35,909)	(35,916)
Women	43	40	<b>Closing accumulated depreciation</b>	(103,211)	(67,302)
Men	24	25	<b>Closing carrying amount</b>	76,334	112,243
	<b>67</b>	65	<b>Note 9 Improvement fees on the property of others</b>		
<b>Salaries and other remuneration</b>				31 Mar 2019	31 Mar 2018
Board of Director's and Managing Director	1,123,920	1,126,600	Opening cost	2,500,000	2,500,000
Other employees	26,682,744	25,838,015	<b>Closing accumulated cost</b>	2,500,000	2,500,000
	<b>27,806,664</b>	26,964,615	Opening depreciation	(291,671)	(166,667)
<b>Social security expenses</b>			Depreciation for the year	(125,000)	(125,004)
Pension costs for Board and Managing Director	223,267	224,607	<b>Closing accumulated depreciation</b>	(416,671)	(291,671)
Pension costs for other employees	1,055,031	955,773	<b>Closing Carrying amount</b>	2,083,329	2,208,329
Statutory and contractual other social security contributions	8,944,193	8,567,193	<b>Note 10 Equipment, tools, fixtures and fittings</b>		
	<b>10,222,491</b>	9,747,573		31 Mar 2019	31 Mar 2018
<b>Total salaries, remuneration, social security expenses and pension costs</b>	<b>38,029,155</b>	36,712,188	Opening cost	48,257,743	18,073,320
<b>Note 7 Goodwill</b>			Purchases	1,113,334	4,637,974
	31 Mar 2019	31 Mar 2018	Reclassifications	0	25,546,449
Opening cost	6,279,243	6,279,243	<b>Closing accumulated cost</b>	49,371,077	48,257,743
<b>Closing accumulated cost</b>	6,279,243	6,279,243	Opening depreciation	(7,616,956)	(3,016,281)
Opening depreciation	(2,930,325)	(1,674,465)	Depreciation for the year	(5,053,344)	(4,600,675)
Depreciation for the year	(1,255,849)	(1,255,860)	<b>Closing accumulated depreciation</b>	(12,670,300)	(7,616,956)
<b>Closing accumulated depreciation</b>	(4,186,174)	(2,930,325)	<b>Closing Carrying amount</b>	36,700,777	40,640,787
<b>Closing carrying</b>	<b>2,093,069</b>	3,348,918			

**Note 11 Construction in progress and prepayments**

	31 Mar 2019	31 Mar 2018
Opening cost	0	25,546,449
Reclassifications	0	(25,546,449)
<b>Closing accumulated cost</b>	<b>0</b>	<b>0</b>
<b>Closing Carrying amount</b>	<b>0</b>	<b>0</b>

**Note 12 Prepaid expenses and accrued income**

	31 Mar 2019	31 Mar 2018
Property rental	3,341,521	3,212,233
Other	10,036,636	486,480
	<b>13,378,157</b>	<b>3,698,713</b>

**Note 13 Number of shares and quotient value**

Name	Number of shares	Quotient value
Number of Class A shares	1,000,000	1
	<b>1,000,000</b>	

**Note 14 Non-current liabilities**

	31 Mar 2019	31 Mar 2018
<b>Fall due later than five years after the balance sheet date</b>	<b>0</b>	<b>0</b>
The following amount of the Company's liabilities to credit institutions (SEK 10,000,000) falls due in five years	0	0

**Note 15 Accrued expenses and deferred income**

	31 Mar 2019	31 Mar 2018
Personnel-related items	7,522,809	7,640,262
Other	3,504,967	3,071,401
	<b>11,027,776</b>	<b>10,711,663</b>

**Note 16 Adjustments for non-cash items**

	31 Mar 2019	31 Mar 2018
Depreciation	6,470,111	6,017,466
Interest expenses, Group	591,482	387,342
	<b>7,061,593</b>	<b>6,404,808</b>

**Note 17 Appropriation of profit or loss****Proposed appropriation of profits**

The Board of Director's proposes that the profit available for distribution:

	31 Mar 2019
accumulated loss	-9,275,564
Share premium reserve	12,000,000
net profit for the year	860,285
	<b>3,584,721</b>
be distributed as follows to be carried forward	<b>3,584,721</b>

**Note 18 Pledged assets**

	31 Mar 2019	31 Mar 2018
<b>Liabilities to credit institutions</b>		
Chattel mortgages	19,000,000	19,000,000
	<b>19,000,000</b>	<b>19,000,000</b>

**Liabilities for which security is provided**

Overdraft facility, amount used	0	2,840,397
Other liabilities to credit institutions	10,000,000	14,188,000
	<b>10,000,000</b>	<b>17,028,397</b>

Our auditor's report was submitted on 23 April 2019  
Öhrlings PricewaterhouseCoopers AB  
Magnus Olsson  
Authorised Public Accountant

**Mats Svensson**  
Chairman

**Marko Hiltunen**

**Iiro Rossi**

**Pernilla Gravenfors**  
Managing Director

Place : Åre  
Date : 16 April 2019

## AUDITOR'S REPORT

To the general meeting of the shareholders of Åre Villa 1 AB, corporate identity number 556996-2177

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 1 AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 1 AB as of 31 March 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 1 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 1 AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 1 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 23 April 2019

Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The Company began operations in 2015. The Company conducts the sale of shares in tenant-owner apartments. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.44 = FC 1 which is the Bloomberg rate as on 31<sup>st</sup> March 2019.

#### Multi-year review

	2018/19	2018/19	2017/18	2017/18
	kSEK	kINR	kSEK	kINR
Net sales	0	0	0	0
Profit/loss after financial items	0	0	0	0
Equity/assets ratio	22.7 %	22.7 %	22.7 %	22.7 %

#### Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

	SEK	INR
Profit/Loss for the year	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

#### Changes in equity

	Share capital	Profit/loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50,000SEK 372,000INR			50,000SEK 372,000INR
Appropriation of profits as resolved by the AGM		0	0	
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	50,000SEK 372,000INR	0	0	50,000SEK 372,000INR

## INCOME STATEMENT

	Note	1 April 2018 – 31 Mar 2019	1 April 2018 – 31 Mar 2019	1 April 2017 – 31 Mar 2018	1 April 2017 – 31 Mar 2018
		SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>	2				
Net sales		0	0	0	0
<b>Total operating income, changes in inventory, etc.</b>		0	0	0	0
<b>Operating expenses</b>					
Raw materials and consumables		0	0	0	0
Other external expenses		0	0	0	0
<b>Total operating expenses</b>		0	0	0	0
<b>Operating profit/loss</b>		0	0	0	0
<b>Profit/Loss after financial items</b>		0	0	0	0
<b>Profit/Loss before tax</b>		0	0	0	0
<b>Profit/Loss for the year</b>		0	0	0	0

**BALANCE SHEET**

	Note	31 Mar 2019 SEK	31 Mar 2019 INR	31 Mar 2018 SEK	31 Mar 2018 INR
<b>Assets</b>					
<b>Current assets</b>					
<i>Current receivables</i>					
Receivables from Group companies		0	0	0	0
<i>Total current receivables</i>		0	0	0	0
<i>Cash and bank balances</i>					
Cash and bank balances		220,675	1,641,822	220,675	1,743,333
<i>Total cash and bank balances</i>		220,675	1,641,822	220,675	1,743,333
<b>Total current assets</b>		<b>220,675</b>	<b>1,641,822</b>	<b>220,675</b>	<b>1,743,333</b>
<b>Total assets</b>		<b>220,675</b>	<b>1,641,822</b>	<b>220,675</b>	<b>1,743,333</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 50,000 shares		50,000	372,000	50,000	395,000
<i>Total restricted equity</i>		50,000	372,000	50,000	395,000
<i>Non-restricted equity</i>					
Retained earnings		0	0	0	0
Profit/Loss for the year		0	0	0	0
<i>Total non-restricted equity</i>		0	0	0	0
<b>Total equity</b>		<b>50,000</b>	<b>372,000</b>	<b>50,000</b>	<b>395,000</b>
<b>Current liabilities</b>					
Liabilities to Group companies		155,675	1,158,222	155,675	1,229,833
Accrued expenses and deferred income		15,000	111,600	15,000	118,500
<b>Total current liabilities</b>		<b>170,675</b>	<b>1,269,822</b>	<b>170,675</b>	<b>1,348,333</b>
<b>Total equity and liabilities</b>		<b>220,675</b>	<b>1,641,822</b>	<b>220,675</b>	<b>1,743,333</b>



## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

#### *Definitions of key performance indicators*

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2019-

Åre 23 April 2019

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**Tapio Anttila**

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**Anne Oravainen**

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**Riku Rauhala**

Our auditor's report has been submitted 2019  
Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**

Authorized Public Accountant

## AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of Åre Villa 2 AB, corporate identity number 556996-2250

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 2 AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 2 AB as of 31 March 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 2 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 2 AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 2 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 23 April 2019  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The Company began operations in 2015. The Company conducts the sale of shares in tenant-owner apartments. The company has its registered office in Åre.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.44 = FC 1 which is the Bloomberg rate as on 31st March 2019.

#### Multi-year review

	2018/19	2018/19	2017/18	2017/18
Multi-year review	kSEK	kINR	kSEK	kINR
Net sales .....	0	0	0	0
Profit/loss after financial items .....	0	0	0	0
Equity/assets ratio .....	76.9 %	76.9 %	76.9 %	76.9 %

#### Proposed appropriation of profits

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit/Loss for the year .....	0	0
<b>Total</b> .....	<u>0</u>	<u>0</u>

#### Changes in equity

	Share capital	Profit/ loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	50000SEK 372000INR	0	0	50000SEK 372000INR
Appropriation of profits as resolved by the AGM				
Dividends				
To be carried forward				
Received unconditional shareholders' contributions				
Net profit/loss for the year			0	0
Balance at year-end	50000SEK 372000INR	0	0	50000SEK 372000INR

## INCOME STATEMENT

Note	1 April 2018	1 April 2018	1 April 2017	1 April 2017
	- 31 Mar 2019	- 31 Mar 2019	- 31 Mar 2018	- 31 Mar 2018
	SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>				
Net sales .....	0	0	0	0
<b>Total operating income, changes in inventory, etc.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>				
Raw materials and consumables.....	0	0	0	0
Other external expenses .....	0	0	0	0
<b>Total operating expenses.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating profit/loss.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/loss after financial items .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss before tax .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss for the year.....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**BALANCE SHEET**

	Note	31 Mar 2019 SEK	31 Mar 2019 INR	31 Mar 2018 SEK	31 Mar 2018 INR
<b>Assets</b>					
<b>Current assets</b>					
<i>Current receivables</i>					
Receivables from Group companies .....		16,525	122,946	16,525	130,548
<i>Total current receivables</i> .....		16,525	122,946	16,525	130,548
<i>Cash and bank balances</i>					
Cash and bank balances .....		48,475	360,654	48,475	382,953
<i>Total cash and bank balances</i> .....		48,475	360,654	48,475	382,953
<b>Total current assets</b> .....		65,000	483,600	65,000	513,500
<b>Total assets</b> .....		65,000	483,600	65,000	513,500
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 50,000 shares.....		50,000	372,000	50,000	395,000
<i>Total restricted equity</i> .....		50,000	372,000	50,000	395,000
<i>Non-restricted equity</i>					
Retained earnings.....		0	0	0	0
Profit/Loss for the year .....		0	0	0	0
<i>Total non-restricted equity</i> .....		0	0	0	0
<b>Total equity</b> .....		50,000	372,000	50,000	395,000
<b>Current liabilities</b>					
Accrued expenses and deferred income .....		15,000	111,600	15,000	118,500
<b>Total current liabilities</b> .....		15,000	111,600	15,000	118,500
<b>Total equity and liabilities</b> .....		65,000	483,600	65,000	513,500

## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFAR 2016:10 Annual reports in small limited companies.

*Definitions of key performance indicators*

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2019-

Åre 2019-

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**Tapio Anttila**

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**Anne Oravainen**

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**Riku Rauhala**

Our auditor's report has been submitted 2019-  
Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**  
Authorized Public Accountant

## AUDITOR'S REPORT

To the general meeting of the shareholders of Åre Villa 3 AB, corporate identity number 559137-7659

### Report on the annual accounts

#### *Opinions*

We have audited the annual accounts of Åre Villa 3 AB for the financial year 1 April 2018 to 31 March 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 3 AB as of 31 March 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 3 AB.

#### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's*

The Board of Director's is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Director's is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Director's is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

#### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### Report on other legal and regulatory requirements

#### *Opinions*

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's of Åre Villa 3 AB for the financial year 1 April 2018 to 31 March 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's be discharged from liability for the financial year.

#### *Basis for Opinions*

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### *Responsibilities of the Board of Director's*

The Board of Director's is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Director's is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.



*Auditor's responsibility*

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Director's in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Sundsvall 23 April 2019  
Öhrlings PricewaterhouseCoopers AB

**Magnus Olsson**  
Authorized Public Accountant

## ADMINISTRATION REPORT

### Operations

#### Information regarding the operations

The Company shall own and manage shares in subsidiaries and thus compatible business. The company has its registered office in Åre.

During the financial year, the company has divested its shares in Åre Villa 4 AB.

In this annual report FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 7.44 = FC 1 which is the Bloomberg rate as on 31<sup>st</sup> March 2019.

Multi-year review	2018/19	2018/19	2017/18	2017/18
	kSEK	kINR	kSEK	kINR
Net sales	0	0	0	0
Profit/loss after financial items	(4,826)	(35,905)	14,211	112,267
Equity/assets ratio	98.9 %	99.7 %	99.7 %	99.7 %

### Proposed appropriation of profits

	SEK	INR
The following profits are at the disposal of the Annual General Meeting:		
Profit brought forward	9,386,210	69,833,402
Profit/Loss for the year	(4,826,026)	(35,905,633)
<b>Total</b>	<b>4,560,184</b>	<b>33,927,769</b>

### Changes in equity

	Profit/loss		Total
	Share capital	brought forward	
Share capital	50,000SEK 372,000INR		14,210,986SEK 105,729,736INR
Appropriation of profits as resolved by the AGM			
Dividends		(4,824,776SEK) (35,896,333INR)	(4,824,776SEK) (35,896,333INR)
To be carried forward		14,210,986SEK 105,729,736INR	(14,210,986SEK) (105,729,736INR)
Received unconditional shareholders' contributions			
Net profit/loss for the year			(4,826,026SEK) (35,905,633INR)
Balance at year-end	50,000SEK 372,000INR	9,386,210SEK 69,833,402INR	(4,826,026SEK) (35,905,633INR)
			4,610,184SEK 34,299,769INR

**INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Note	1 Apr 2018 – 31 Mar 2019	1 Apr 2018 – 31 Mar 2019	12 Dec 2017 – 31 Mar 2018 (4 month)	12 Dec 2017 – 31 Mar 2018 (4 month)
		SEK	INR	SEK	INR
<b>Operating income, changes in inventory, etc.</b>					
Net sales		0	0	0	0
<b>Total operating income, changes in inventory, etc.</b>		0	0	0	0
<b>Operating expenses</b>					
Raw materials and consumables		0	0	0	0
Other external expenses		(1,250)	(9,300)	0	0
<b>Total operating expenses</b>		(1,250)	(9,300)	0	0
<b>Operating profit/(loss)</b>		(1,250)	(9,300)	0	0
Profit from shares in group companies		(4,824,776)	(35,896,333)	14,210,986	112,266,789
<b>Profit/(Loss) after financial items</b>		(4,826,026)	(35,905,633)	14,210,986	112,266,789
<b>Profit/(Loss) before tax</b>		(4,826,026)	(35,905,633)	14,210,986	112,266,789
<b>Profit/(Loss) for the year</b>		(4,826,026)	(35,905,633)	14,210,986	112,266,789

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

	Note	31 Mar 2019 SEK	31 Mar 2019 INR	31 Mar 2018 SEK	31 Mar 2018 INR
<b>Assets</b>					
<b>Non-current assets</b>					
<i>Financial non-current assets</i>					
Other non-current receivables	3	4,611,434	34,309,069	0	0
<b>Total non-current assets</b>		<b>4,611,434</b>	<b>34,309,069</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>					
<i>Current receivables</i>					
Other receivables		0	0	14,260,986	112,661,789
<i>Total current receivables</i>		<b>0</b>	<b>0</b>	14,260,986	112,661,789
<i>Cash and bank balances</i>					
Cash and bank balances		48,750	362,700	50,000	395,000
<i>Total cash and bank balances</i>		<b>48,750</b>	<b>362,700</b>	50,000	395,000
<b>Total current assets</b>		<b>48,750</b>	<b>362,700</b>	14,310,986	113,056,789
<b>Total assets</b>		<b>4,660,184</b>	<b>34,671,769</b>	14,310,986	113,056,789
<b>Equity and liabilities</b>					
<b>Equity</b>					
<i>Restricted equity</i>					
Share capital, 50,000 shares		50,000	372,000	50,000	395,000
<i>Total restricted equity</i>		<b>50,000</b>	<b>372,000</b>	50,000	395,000
<i>Non-restricted equity</i>					
Retained earnings		9,386,210	69,833,402	0	0
Profit/Loss for the year		(4,826,026)	(35,905,633)	14,210,986	112,266,789
<i>Total non-restricted equity</i>		<b>4,560,184</b>	<b>33,927,769</b>	14,210,986	112,266,789
<b>Total equity</b>		<b>4,610,184</b>	<b>34,299,769</b>	14,260,986	112,661,789
<b>Current liabilities</b>					
Other liabilities		50,000	372,000	50,000	395,000
<b>Total current liabilities</b>		<b>50,000</b>	<b>372,000</b>	50,000	395,000
<b>Total equity and liabilities</b>		<b>4,660,184</b>	<b>34,671,769</b>	14,310,986	113,056,789

## SUPPLEMENTARY DISCLOSURES

### Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFAR 2016:10 Annual reports in small limited companies.

#### Definitions of key performance indicators

##### Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

### Note 3 Other non-current receivables

Additional receivables

Carrying amount

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 15 April 2019.

Åre

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**Tapio Anttila**

### Note 2 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

	31 Mar 2019	31 Mar 2019	31 Mar 2018	31 Mar 2018
	SEK	INR	SEK	INR
Additional receivables	<u>4,611,434</u>	<u>34,309,069</u>	0	0
Carrying amount	<b>4,611,434</b>	<b>34,309,069</b>	0	0

Our auditor's report has been submitted 23 April 2019  
 Öhrlings PricewaterhouseCoopers AB

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**Magnus Olsson**

Authorized Public Accountant