Subsidiary Companies

Index

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

Report on the Audit of 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 comprise the Balance Sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS 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, of the state of affairs of the Company as at March 31, 2020, its loss, 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 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.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS 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 Standard 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 based on these Ind AS financial statements.

As part of an audit in accordance with Standard 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid 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.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) 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 will impact its financial positions.
      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 B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

ANNEXURE “A” TO THE INDEPENDENT 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 and Residences India Limited** (“the Company”) as of March 31, 2020 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 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls 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. 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 whether the risk of 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 Ind AS 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 Ind AS 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 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 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 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 our opinion, to the best of our information and according to the explanations given to us, 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, 2020, 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 B. K. Khare & Co.
Chartered Accountants
(Firm’s Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

ANEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Hotels and Residences India Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) The Company does not have fixed assets. Accordingly, the provisions of para 3(i) of the Order are not applicable to the Company.

2) The Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence, the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note	As At March 31, 2020	As At March 31, 2019
			In Rs.
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	**48,651**	1,55,368
		48,651	1,55,368
		48,651	1,55,368
EQUITY AND LIABILITIES			
Equity			
Share Capital	3	**5,00,000**	5,00,000
Other Equity	4	**(19,29,639)**	(17,77,569)
		(14,29,639)	(12,77,569)
Non-Current Liabilities			
Other Long term Liabilities	5	**7,40,333**	7,40,333
Current Liabilities			
Borrowings	6	**6,79,844**	6,36,531
Other Current Liabilities	7	**58,114**	56,074
		7,37,957	6,92,605
		48,651	1,55,368
Significant Accounting Policies	1		

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

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

Particulars	Note	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue:			
Revenue from operations		–	–
Other Income		–	–
Total Revenue		–	–
Expenses:			
Finance Costs	8	**48,125**	48,125
Other Expenses	9	**1,03,944**	1,27,926
Total Expenses		**1,52,069**	1,76,051
Profit Before Tax		**(1,52,069)**	(1,76,051)
Less: Tax Expense			
Current Tax		–	–
Deferred Tax		–	–
Profit/(Loss) for the Year		**(1,52,069)**	(1,76,051)
Other comprehensive income			
Items that will not be reclassified to profit or (loss) :		–	–
Items that will be reclassified to profit or (loss) :		–	–
Total other comprehensive income for the period		–	–
Total comprehensive income for the period		**(1,52,069)**	(1,76,051)
Earnings Per Share (Basic & Diluted)	10	**(3.04)**	(3.52)

Significant Accounting Policies	1

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

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

	Particulars	**Year Ended March 31, 2020**	Year Ended March 31, 2019
A	**Cash Flow from Operating Activities:**		
	Profit/(Loss) before exceptional items and tax	**(1,52,069)**	(1,76,051)
	Adjustments:		
	Finance Costs	**48,125**	48,125
	Operating profit before working capital changes	**(1,03,944)**	(1,27,926)
	Changes in working capital:		
	(Increase)/Decrease Other Current Liabilities	**2,040**	(6,788)
	Income Tax Paid	**–**	–
	Net Cash (used in)/from Operating Activities	**(1,01,904)**	(1,34,715)
B	**Cash Flow from Investing Activities:**		
	Net Cash (used in)/from Investing Activities	**–**	–
C	**Cash Flow from Financing Activities:**		
	Proceeds from borrowings	**43,313**	43,313
	Finance Costs	**(48,125)**	(48,125)
	Net Cash (used in)/from Financing Activities	**(4,813)**	(4,813)
	Net increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(1,06,717)**	(1,39,527)
	Cash & Cash Equivalents:		
	Cash and cash equivalents at the beginning of the year	**1,55,368**	2,94,895
	Cash and cash equivalents at the end of the year	**48,651**	1,55,368
	Net Increase/(Decrease) as disclosed above	**(1,06,717)**	(1,39,527)

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

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

a. Equity share capital

Particulars	In Rs. Amount
As at 31st March, 2018	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	–
As at 31st March, 2019	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	–
As at 31st March, 2020	**5,00,000**

b. Other equity

In Rs.

	Reserves & Surplus	Items of other comprehensive income	
Particulars	**Retained earnings**	**Remeasurements of the defined benefit liabilities / (assets)**	**Total**
As at 31st March, 2018	**(16,01,518)**	–	**(16,01,518)**
Loss for the year	(1,76,051)	–	(1,76,051)
Other comprehensive income	–	–	–
Total comprehensive income	(1,76,051)	–	(1,76,051)
As at 31st March, 2019	**(17,77,569)**	–	**(17,77,569)**
Loss for the year	(1,52,069)	–	(1,52,069)
Other comprehensive income	–	–	–
Total comprehensive income	(1,52,069)	–	(1,52,069)
As at 31st March, 2020	**(19,29,639)**	–	**(19,29,639)**

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

For and on behalf of the Board of Directors

Shirish Rahalkar
Partner
Membership No: 111212

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 23, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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, 2020

(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, 2020.

(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 & Cash Equivalents

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Cash on hand	**–**	–
Balances with Banks		
On Current Account	**48,651**	1,55,368
	48,651	1,55,368

3 Share Capital

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	No. of Shares	**Rs.**	No. of Shares	Rs.
Authorised :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000
Issued, Subscribed & Paid up:				
Equity :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000

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:

Particulars	As at March 31, 2020 No. of Shares	Rs.	As at March 31, 2019 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 March 31, 2020	% held as at March 31, 2020	No. of Shares March 31, 2019	% held as at March 31, 2019
Mahindra Holidays & Resorts India Limited	**49,994**	**99.99%**	49,994	99.99%

4 Other Equity

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus / (Deficit) in Statement of Profit & Loss		
As per last balance sheet	**(17,77,569)**	(16,01,518)
Add: Profit / (Loss) for the year	**(1,52,069)**	(1,76,051)
	(19,29,639)	(17,77,569)

5 Other Long term Liabilities

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Holding Company - MHRIL	**7,40,333**	7,40,333
	7,40,333	7,40,333

6 Borrowings

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Holding Company - MHRIL	**5,50,000**	5,50,000
Interest accrued on ICD from MHRIL	**1,29,844**	86,531
	6,79,844	6,36,531

7 Other Current Liabilities

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Audit Fee Payable	**35,000**	35,000
Other Expenses Payable	**20,324**	20,324
TDS Payable	**2,790**	750
	58,114	56,074

8 Finance Costs

In Rs.

Particulars	March 31, 2020	March 31, 2019
Interest on ICD	**48,125**	48,125
	48,125	48,125

9 Other Expenses

In Rs.

Particulars	March 31, 2020	March 31, 2019
Rates & Taxes	**15,030**	43,256
Legal and Professional Charges	**53,300**	49,670
Auditors' Remuneration	**35,000**	35,000
Misc. Expenses	**487**	–
Interest on tax	**127**	–
	1,03,944	1,27,926

10 Earnings per Share

In Rs.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted Earnings per share	**(3.04)**	(3.52)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(1,52,069)**	(1,76,051)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(3.04)**	(3.52)

11 Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2020 Amortised Costs	Total
Current Assets		
Cash & Bank balances	**48,651**	**48,651**
Current Liabilities		
Borrowings	**6,79,844**	**6,79,844**
Trade Payables	**7,40,333**	**7,40,333**

In Rs.

	As at March 31, 2019 Amortised Costs	Total
Current Assets		
Cash & Bank balances	1,55,368	1,55,368
Current Liabilities		
Borrowings	6,36,531	6,36,531
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 liabilties that are not measured at fair value is closely approximates the carrying value as disclosed below:

In Rs.

	March 31, 2020		March 31, 2019	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial liabilities				
Cash and Cash Equivalents	**48,651**	**48,651**	1,55,368	1,55,368
Financial liabilities				
Borrowings	**6,79,844**	**6,79,844**	6,36,531	6,36,531
Trade Payables	**7,40,333**	**7,40,333**	7,40,333	7,40,333
Total	**14,20,177**	**14,20,177**	13,76,864	13,76,864

13 Segment information

The Company did not commence commercial operations during the year ended March 31, 2020. 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

In Rs.

Particulars	**March 31, 2020**	March 31, 2019
Holding company		
Transactions during the year :		
Interest accrued on ICD	**48,125**	48,125
ICD Availed/ Converted	**–**	–
Holding company		
Balances as at:		
Trade Payables	**7,40,333**	7,40,333
ICD Outstanding	**5,50,000**	5,50,000
Interest accrued but not due on ICD	**1,29,844**	86,531

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

For B.K. Khare & Company
Chartered Accountants

Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 23, 2020

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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, 2020 and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements'')

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at March 31, 2020, and its loss 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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.

OTHER INFORMATION

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report,but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Management's Responsibility for the Financial Statements

The Company's Management & 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 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 objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

(i) Identify and assess the risks of material misstatement of the standalone 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.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(iv) 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Statement of Cash Flow dealt with by this Report are in agreement with the books of account

(c) In our opinion, the aforesaid Standalone 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, 2020 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2020 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"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial.

(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 has disclosed the impact of pending litigations on its financial position in its standalone financial.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;.

(iii) There has been no delay in transferring amounts, 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: Panchkula
Date: May 6, 2020

"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, 2020 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 and Board of Directors of the Company 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, 2020, 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: Panchkula
Date: May 6, 2020

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. The differences however observed on such physical verification are materially insignificant and the have been properly dealt with in the books of accounts.

(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. The differences however observed on such physical verification are materially insignificant and they ave been properly dealt with in the books of accounts.

(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 made, guarantees given and investments made.

(v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 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 31/03/2020 is Rs. 42.54 Crore (Previous Year Rs.55.67 Crore) (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. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks

(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. During the Year Company has taken/ accepted Inter Corporate deposited from its holding company amounting to Rs.10.40 Crore @ 8.75% P.A. The total unsecured borrowing from its Holding Company as on 31/03/2020 is Rs.28.64 Crore. (include interest amounting to RS 2.24 Crore there on).

(x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(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) According to the information and explanations given to us, in our opnion the Company is not a nidhi Company as prescribed u/s 406 of the Act, Hence this clause is not applicable.

(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 under respective notes on accounts, 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: Panchkula
Date: May 6, 2020

BALANCE SHEET AS AT MARCH 31, 2020

In Rs.

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**1,565,582,680**	1,617,481,557
Capital work-in-progress		**–**	1,713,966
Financial Assets			
Deposits	4	**200,000**	200,000
Other non-current tax assets	5	**23,339,145**	13,341,997
Other non-current assets	6	**88,074**	1,782,731
		1,589,209,899	1,634,520,251
Current assets			
Inventories	7	**1,288,165**	1,444,724
Financial Assets			
Trade Receivables	8	**19,906,202**	8,627,211
Cash and cash equivalents	9	**16,143,361**	12,167,584
Other current assets	10	**2,669,401**	7,656,534
		40,000,128	29,896,053
		1,629,217,027	1,664,416,304
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	**650,000,000**	650,000,000
Other Equity	12	**171,408,169**	186,189,258
		821,408,169	836,189,258
Non-current liabilities			
Financial Liabilities			
Borrowings	13	**295,398,631**	426,692,903
Others	14	**13,150,699**	24,521,141
Deferred Tax Liabilites (Net)	15	**62,816,000**	62,816,000
		371,365,330	514,030,044
Current liabilities			
Financial Liabilities			
Borrowings	16	**286,442,688**	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		**14,728,868**	12,683,350
Others	18	**132,542,675**	134,683,922
Other current liabilities	19	**2,729,298**	924,260
		436,443,529	314,197,003
		1,629,217,027	1,664,416,304

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: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
			In Rs.
REVENUE			
Revenue from operations	20	**182,770,168**	178,079,283
Other Income		**–**	–
Total Revenue		**182,770,168**	178,079,283
EXPENSES			
Employee benefit expense	21	**31,964,768**	28,168,648
Finance Charges		**61,281,906**	60,061,775
Depreciation and amortisation expense		**50,548,658**	50,059,862
Other expenses	22	**53,755,924**	57,284,777
Total Expenses		**197,551,256**	195,575,061
Profit/(loss) before tax		**(14,781,089)**	(17,495,778)
Tax Expense			
Current tax		**–**	–
Deferred tax		**–**	–
Total tax expense		**–**	–
Profit/(loss) after tax for the year		**(14,781,089)**	(17,495,778)
Profit/(loss) for the year		**(14,781,089)**	(17,495,778)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Freehold land revaluation		**–**	302,000,000
Income taxes related to items that will not be reclassified to profit or loss		**–**	(62,816,000)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**–**	239,184,000
Total comprehensive income for the year		**(14,781,089)**	221,688,222
Earnings per equity share (for continuing operation):			
Basic and Diluted	23	**(0.23)**	(0.27)

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: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

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Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A. **CASH FLOW FROM OPERATING ACTIVITIES:**		
Profit/(Loss) before tax for the year	**(14,781,089)**	(17,495,778)
Adjustments for:		
Finance Cost	**61,281,906**	60,061,775
Depeciation	**50,548,658**	50,059,862
Movements in working capital:		
(Increase)/decrease in other assets	**(14,437,789)**	(15,246,149)
Increase/(decrease) in trade and other payables	**(9,734,250)**	50,668,093
Cash generated from operations	**72,877,436**	128,047,803
Income taxes paid	**–**	–
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**72,877,436**	128,047,803
B. **CASH FLOWS FROM INVESTING ACTIVITIES**		
Purchase of fixed assets	**1,350,219**	(3,515,344)
Capital work in progress	**1,713,966**	(1,713,966)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**3,064,185**	(5,229,311)
C. **CASH FLOW FROM FINANCING ACTIVITIES:**		
Equity Share Capital		
Proceeds from borrowings	**(10,683,939)**	(62,148,947)
Finance cost	**(61,281,906)**	(60,061,775)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(71,965,844)**	(122,210,722)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**3,975,777**	607,770
Cash and cash equivalents at the beginning of the year	**12,167,584**	11,559,814
Cash and cash equivalents at the end of the year	**16,143,361**	12,167,584

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: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

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Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

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, wine & liquor etc. and is recognized when services are rendered.The value shown in the Financials Statement is net of Discount ,Other incentive allowed to customers and Management Exps agaisnt Bills raised to Holding Company.

(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

Current 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.The company has commenced operations in the year 2012 and has not accounted for any Provision for Tax in any of the years due to loss incurred in each year. During the current year, thec company has not generated any profit before tax, current tax is Nil.

Deferred Tax: Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates. The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax.

However the Company has not made any provision to this effect in its Current Financials.

(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 YEAR ENDED MARCH 31, 2020

Note No. 3 - Tangible Assets

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 2019	430,400,010	983,332,383	162,664,418	3,538,461	114,337,521	5,350,625	1,699,623,418
Additions	–	–	791,063	77,856	502,331	–	1,371,250
Disposals	–	–	(273,632)	–	(3,613,024)	–	(3,886,656)
Others (Reclassification)	–	–	(7,385,678)	564,823	6,820,854	–	–
Balance as at March 31, 2020	**430,400,010**	**983,332,383**	**155,796,172**	**4,181,141**	**118,047,681**	**5,350,625**	**1,697,108,012**
II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 2019	–	26,466,389	29,585,421	1,686,333	23,298,896	1,104,822	82,141,861
Depreciation/amortisation expense for the year	–	16,388,873	18,473,751	599,277	14,417,928	668,828	50,548,658
Eliminated on disposal of assets	–	–	(97,591)	–	(1,067,596)	–	(1,165,188)
Others (reclassification)	–	–	(1,384,329)	77,180	1,307,149	–	–
Balance as at March 31, 2020	**–**	**42,855,262**	**46,577,252**	**2,362,789**	**37,956,377**	**1,773,650**	**131,525,331**
Net block (I-II)							
Balance as at March 31, 2020	**430,400,010**	**948,671,557**	**124,203,889**	**1,657,426**	**84,545,986**	**3,911,389**	**1,565,582,681**
Balance as at April 1, 2019	430,400,010	956,865,993	133,078,997	1,852,129	91,038,624	4,245,803	1,617,481,557

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 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 Reserve	302,000,000	–	–	–	–	–	302,000,000
Others	–	383	(582)	117	521	(375)	64
Balance as at March 31, 2019	**430,400,010**	**983,332,383**	**162,664,418**	**3,538,461**	**114,337,521**	**5,350,625**	**1,699,623,418**

II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 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	50,059,861
Balance as at March 31, 2019	–	26,466,389	29,585,421	1,686,333	23,298,896	1,104,822	82,141,861
Net block (I-II)							
Balance as at March 31, 2019	430,400,010	956,865,994	133,078,997	1,852,128	91,038,625	4,245,803	1,617,481,557
Balance as at April 1, 2018	128,400,010	973,254,867	150,061,612	1,968,405	104,038,293	4,303,455	1,362,026,642

Note No. 4 - Financial assets - Non-Current - Loans and Advances

In Rs.

	As At March 31, 2020	As At March 31, 2019
Deposits - Non Current	**200,000**	200,000
	200,000	200,000

Note No. 5 - Other Non-Current Tax Assets

In Rs.

	As At March 31, 2020	As At March 31, 2019
Advance Income tax	**23,339,145**	13,341,997
(Net of provisions up to the reporting date)		
	23,339,145	13,341,997

Note No. 6 - Other assets - Non-Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Capital advances		
Capital advance	**88,074**	1,782,731
	88,074	1,782,731

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

In Rs.

	As At March 31, 2020	As At March 31, 2019
Food, beverages and smokes	**1,288,165**	1,444,724
	1,288,165	1,444,724

Note No. 8 - Trade Receivables
(Unsecured)

In Rs.

	As At March 31, 2020	As At March 31, 2019
Due for less than six months and within the next one year		
Considered good	**19,906,202**	8,627,211
	19,906,202	8,627,211

Note No. 9 - Cash and Bank Balances

In Rs.

	As At March 31, 2020	As At March 31, 2019
Cash and cash equivalents		
Cash at hand	**72,816**	781,695
Balances with banks	**16,070,545**	11,385,889
	16,143,361	12,167,584

Note No. 10 - Other assets - Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Advances other than capital advances		
Balances with government authorities (other than income taxes)	**151,200**	3,863,469
Prepaid Expenses	**2,464,025**	2,115,746
Other advances		
Advance to suppliers	**54,176**	1,677,320
	2,669,401	7,656,534

Note No. 11 - Equity Share Capital

	As At March 31, 2020		As At March 31, 2019	
	No. of shares	**Rs.**	No. of shares	Rs.
Authorised:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
	65,000,000	**650,000,000**	65,000,000	650,000,000

11 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.

11 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-20	No. of shares	% held as at 31-Mar-19
Mahindra Holidays & Resorts India Limited (Holding Company)	**65,000,000**	**100.00%**	65,000,000	100.00%

11 c) The reconciliation of the number of shares outstanding as at March 31, 2020, March 31, 2019 is set out below:-

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	No. of Shares	In Rs.	No. of Shares	In Rs.
Number of shares at the beginning	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Add: Issued during the year	**–**	**–**	–	–
Number of shares at the end	**65,000,000**	**650,000,000**	65,000,000	650,000,000

Note No. 12 - Other Equity

In Rs.

	Retained earnings	Total
Balance at the beginning of the reporting period-April 1, 2018	(52,994,742)	(52,994,742)
Total Comprehensive income for the year	239,184,000	239,184,000
Balance at the end of the reporting period-March 31, 2019	**186,189,258**	**186,189,258**
Balance at the beginning of the reporting period-April 1, 2019	186,189,258	186,189,258
Total Comprehensive income for the year	(14,781,089)	(14,781,089)
Balance at the end of the reporting period-March 31, 2020	**171,408,169**	**171,408,169**

Note No. 13 - Borrowings Non-current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Secured Borrowings		
Loans from banks	**295,398,631**	426,692,903
	295,398,631	426,692,903

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, 2020	As At March 31, 2019
Other Financial Liabilities Measured at Amortised Cost		
Other long term liabilities - Retention Money	**13,150,699**	24,521,141
	13,150,699	24,521,141

Note No. 15 - Deferred tax liabilities

In Rs.

	As At March 31, 2020	As At March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Revaluation of freehold land	**62,816,000**	62,816,000
	62,816,000	62,816,000

Note No. 16 - Borrowings Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Unsecured Borrowings		
Loans from related parties	**286,442,688**	165,832,355
	286,442,688	165,832,355

This Loan carries an interest rate @ 8.75% per annum including interest of Rs. 224.43 lakhs.

Note No. 17 - Trade Payables

In Rs.

	As At March 31, 2020	As At March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**–**	73,116
Total outstanding dues of creditors other than micro enterprises and small enterprises	**14,728,868**	12,683,350
	14,728,868	12,756,466

Note No. 18 - Other Financial Liabilities - Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Employee Creditor	**619,457**	387,527
Current maturities of long term borrowings	**130,000,000**	130,000,000
Others		
- Other payables (Capital Creditors)	**1,923,218**	4,296,395
	132,542,675	134,683,922

Note No. 19 - Other Current Liabilities

In Rs.

	As At March 31, 2020	As At March 31, 2019
Statutory dues		
- taxes payable (other than income taxes)	**2,729,298**	924,260
	2,729,298	924,260

Note No. 20 - Revenue from Operations

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Income from resorts:		
Room Rentals	**120,956,129**	119,849,592
Food and Beverages	**49,789,367**	47,073,427
Wine and liquor	**1,628,288**	1,534,047
Holiday Activity	**4,620,228**	4,390,775
Others	**5,776,155**	5,231,441
	182,770,168	178,079,283

Note No. 21 - Employee Benefits Expense

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and wages, including bonus	**31,964,768**	28,168,648
	31,964,768	28,168,648

Note No. 22 - Other Expenses

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Cost of food, beverages and smokes consumed		
Opening stock	**1,444,724**	881,622
Add: Purchases	**13,788,408**	13,429,690
Less: Closing stock	**1,288,165**	1,444,724
	13,944,968	12,866,588
Operating Supplies	**9,515,073**	9,302,609
Power and Fuel	**13,797,474**	16,854,069
Rates and taxes	**1,293,952**	1,158,584
Travelling expenses	**3,318,807**	2,144,968
Auditors remuneration and out-of-pocket expenses		
As Auditors	**125,000**	125,000
Director's Fees	**30,000**	80,000
Consultancy Charges	**140,659**	98,200
Repairs and maintenance		
Buildings	**1,027,449**	636,374
Plant & equipment	**620,926**	586,563
Others	**3,847,841**	3,738,675
Communication	**231,506**	271,231
Printing and Stationary	**695,335**	590,997
Insurance	**1,593,165**	1,549,811
Service Charges	**1,995,407**	1,912,722
Miscellaneous	**1,578,364**	5,368,387
	53,755,924	57,284,777

Note No. 23 - Earnings Per Share

In Rs.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted Earnings per share	**(0.23)**	(0.27)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(14,781,088.55)**	(17,495,778.49)
Weighted average number of equity shares	**65,000,000.00**	65,000,000.00
Earnings per share from continuing operations - Basic and Diluted	**(0.23)**	(0.27)

Note No. 24 - Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2020	
	Amortised Cost	**Total**
Non- Current Assets		
Loans	**200,000**	**200,000**
Current Assets		
Trade Receivables	**19,906,202**	**19,906,202**
Cash & Bank balances	**16,143,361**	**16,143,361**
Non-current Liabilities		
Borrowings	**295,398,631**	**295,398,631**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**13,150,699**	**13,150,699**
Current Liabilities		
Borrowings	**286,442,688**	**286,442,688**
Trade Payables	**14,728,868**	**14,728,868**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**132,542,675**	**132,542,675**

In Rs.

	As at March 31, 2019	
	Amortised Cost	Total
Non- Current Assets		
Loans	200,000	200,000
Current Assets		
Trade Receivables	8,627,211	8,627,211
Cash & Bank balances	12,167,584	12,167,584
Non-current Liabilities		
Borrowings	426,692,903	426,692,903
Other Financial Liabilities		
– Non Derivative Financial Liabilities	24,521,141	24,521,141
Current Liabilities		
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

Note No. 25 - 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 liabilties that are not measured at fair value closely approximates the carrying value as disclosed below:

In Rs.

	31-Mar-20		31-Mar-19	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans	**200,000**	**200,000**	200,000	200,000
Trade Receivables	**19,906,202**	**19,906,202**	8,627,211	8,627,211
Cash & Bank balances	**16,143,361**	**16,143,361**	12,167,584	12,167,584
Total	**36,249,563**	**36,249,563**	20,994,795	20,994,795
Financial liabilities				
Borrowings	**581,841,319**	**581,841,319**	592,525,258	592,525,258
Other long term liabilities	**13,150,699**	**13,150,699**	24,521,141	24,521,141
Trade Payables	**14,728,868**	**14,728,868**	12,756,466	12,756,466
Other current financial liabilities	**132,542,675**	**132,542,675**	134,683,922	134,683,922
Total	**742,263,561**	**742,263,561**	764,486,787	764,486,787

Note No. 26 - 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. 27 - 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 Developement Service Limited
Fellow Associate	Mahindra Hotels & Resorts Limited

Key Managerial Personnel

Narender Pratap Singh
Balamurugan PS
Pratiksha Mangaonkar (resigned w.e.f September 18, 2019)
Rutika Nandwana(appointed w.e.f November 22, 2019)

(ii) Related Party Transactions and balances

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Holding company		
Transactions during the year:		
ICD received	**104,000,000**	160,000,000
ICD repaid	–	–
Interest on ICD accrued	**18,455,926**	6,480,394
Share Capital	–	–
Manpower deputation	**11,379,906**	6,981,879
Sale of services Provided	**100,869,390**	99,120,751
Fellow Associate		
Transactions during the year:		
Advance Given for services	**718,660**	855,760
Advance repaid for services	**2,119,100**	–
Holding company		
Balances as at:		
ICD received	**286,442,687**	165,832,354
Trade payables	**9,901,079**	1,657,861
Trade Receivables	**15,694,448**	3,907,928
Fellow Associate		
Balances as at:		
Advance Given for services	**–**	1,587,760

Note No. 28 - Capital Work in Progress

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at the beginning of the reporting period	1,713,966	–
Add: Cost of contruction during the year	–	5,229,311
Interest on loan	–	–
Expensed out during the year	**(1,351,646)**	–
Transferred to fixed Assets	**(362,320)**	(3,515,344)
Balance at the end of the reporting period	–	1,713,966

Note No. 29 - 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 surplus as at March 31, 2019	302,000,000
Deferred tax on the above revaluation	(62,816,000)
As at March 31, 2019	**239,184,000**

The carrying amount of freehold land as at March 31, 2019 under cost and revaluation model are given below:

Block of asset	**Revaluation Model**	**Cost Model**
Freehold Land	430,400,010	128,400,010

Note No. 30 - Others

1. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity.In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

2. As on March 31, 2020, based on facts and circumstances existing as of that date, at present the Company does not anticipate any material uncertainties on account of COVID-19 outbreak which affects its liquidity position and also ability to continue as going concern. However Reveune in future is total depend on the Govt. Policies and Lock down period for the industries.

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: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

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 March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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 Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 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 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	**DATUK KESAVAN**
PANICKER & TAN	**K. PANICKER**
A.F. 0604	761/03/21(J)
Chartered Accountants	*Chartered Accountant*

Place : Kuala Lumpur.
Dated : 7th May, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	**3,756,076**	3,855,738
		3,756,076	3,855,738
Current Assets			
Trade receivables	8	**300,000**	60,000
Non-trade receivables		**2,655**	–
Cash at bank		**71,842**	114,072
		374,497	174,072
TOTAL ASSETS		**4,130,573**	4,029,810
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**300,002**	300,002
Accumulated losses		**(413,167)**	(607,010)
Total Equity		**(113,165)**	(307,008)
Non-Current Liabilities			
Amount due to holding company	10	**4,041,174**	4,178,157
Current Liabilities			
Non-trade payables		**83,343**	75,741
Amount due to directors	11	**21,000**	14,000
Taxation		**98,221**	68,920
		202,564	158,661
Total Liabilities		**4,243,738**	4,336,818
TOTAL EQUITY AND LIABILITIES		**4,130,573**	4,029,810

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 RM	2019 RM
Revenue	12	**720,000**	720,000
Cost of sales		**(46,800)**	(46,800)
Gross profit		**673,200**	673,200
Administration expenses		**(202,370)**	(203,157)
Profit from operations	13	**470,830**	470,043
Finance charge	14	**(184,000)**	(197,953)
Net profit before taxation		**286,830**	272,090
Taxation	15	**(92,987)**	(69,219)
Total comprehensive income for the year		**193,843**	202,871

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020 RM	2019 RM
Cash Flows From Operating Activities		
Net profit before taxation	**286,830**	272,090
Adjustment :-		
Depreciation of property, plant and equipment	**99,662**	99,662
Interest on loan	**184,000**	197,953
Operating profit before working capital changes	**570,492**	569,705
Changes in receivables	**(242,655)**	19,500
Changes in payables	**7,602**	(43,222)
Cash generated from operations	**335,439**	545,983
Tax paid	**(63,686)**	(54,499)
Net cash from operating activities	**271,753**	491,484
Cash Flows From Investing Activities	**–**	–
Cash Flows From Financing Activities		
Amount due to holding company	**(136,983)**	(494,920)
Interest paid to holding company	**(184,000)**	(197,953)
Amount due to directors	**7,000**	-
Net cash used in financing activities	**(313,983)**	(692,873)
Net decrease in cash and cash equivalents	**(42,230)**	(201,389)
Cash and cash equivalents brought forward	**114,072**	315,461
Cash and cash equivalents carried forward	**71,842**	114,072

Note:

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

	2020 RM	2019 RM
Cash at bank	**71,842**	114,072

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

	Share Capital	Accumulated Losses	Total
	RM	RM	RM
31 March, 2020			
Balance as at 1 April, 2019	300,002	(607,010)	(307,008)
Total comprehensive income for the year	–	193,843	193,843
Balance as as 31 March, 2020	**300,002**	**(413,167)**	**(113,165)**
31 March, 2019			
Balance as at 1 April, 2018	300,002	(809,881)	(509,879)
Total comprehensive income for the year	–	202,871	202,871
Balance as at 31 March, 2019	300,002	(607,010)	(307,008)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	2020 RM	2019 RM
Revenue	**720,000**	720,000
Less: Cost of Sales	**(46,800)**	(46,800)
Gross Profit	**673,200**	673,200
Less: Expenditure		
Administration expenses		
Audit fee	**18,000**	18,000
Accountancy fee	**48,000**	48,000
Assessment and quit rent	**2,597**	3,410
Access cards	**–**	100
Bank charges	**269**	122
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000
Fine & penalty	**123**	8,746
Forex loss	**40**	144
Insurance	**1,811**	1,024
Printing and stationery	**2,689**	603
Professional fee	**5,400**	5,600
Secretarial fees and charges	**3,536**	745
Service tax	**3,019**	–
Travelling charges	**1,065**	1,360
Water charges	**2,159**	1,641
	202,370	203,157
Finance Costs		
Interest on loan	**184,000**	197,953
Net Profit for the Year	**286,830**	272,090

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

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.

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.

c) 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 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.

d) 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 entirely 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(d)(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.

e) 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.

f) Cash and cash equivalents

Cash comprises cash at bank.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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 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 Malaysian Financial Reporting Standards 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

	Leasehold Building RM	Furniture and Fittings RM	Total RM
Gross Carrying Amount:			
At 1 April 2019	4,941,100	54,454	4,995,554
Additions	–	–	–
At 31 March 2020	**4,941,100**	**54,454**	**4,995,554**
Accumulated Depreciation:			
At 1 April 2019	1,087,042	52,774	1,139,816
Charge for the year	98,822	840	99,662
At 31 March 2020	**1,185,864**	**53,614**	**1,239,478**
Net Book Value at 1 April 2019	3,854,058	1,680	3,855,738
Net Book Value at 31 March 2020	**3,755,236**	**840**	**3,756,076**

8. Trade Receivables

	2020 RM	2019 RM
Holding Company	**300,000**	60,000

9. Share Capital

	2020 No of shares	**2020 RM**	2019 No of shares	2019 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	**300,002**	**300,002**	300,002	300,002

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. *(2019:4.6% p.a.)*

11. Amount Due To Directors

The amount due to directors is RM 21,000 *(2019:RM 21,000)*. 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:-

	2020 RM	2019 RM
Audit fee	**18,000**	18,000
Assessment and quit rent	**2,597**	3,410
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000

14. Finance Costs

	2020 RM	2019 RM
Interest expense on loan from holding company	**184,000**	197,953

15. Taxation

	2020 RM	2019 RM
Current year provision	**92,987**	68,920
Under provision in previous year	**–**	299
	92,987	69,219

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

	2020 RM	2019 RM
Profit before taxation	**286,830**	272,090
Tax at statutory income tax rate of 24% *(2019: 18%)*	**68,839**	48,976
Tax effect of expenses that are not deductible for tax purposes	**30**	1,574
Deferred tax not recognised in the financial statements	**24,118**	18,370
Over provision from previous year	**–**	299
	92,987	69,219

16. Going Concern

The Company has deficiency in shareholders' funds amounting to RM 113,165 *(2019: RM 307,008)*.

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

	2020 RM	2019 RM
Revenue	**(720,000)**	(720,000)
Interest on loan	**184,000**	197,953

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 March 31, 2020 is Nil *(2019 : 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 7th May, 2020.

Signature :

Place : Kuala Lumpur

Dated : 7th May, 2020

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, 2020, 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, 2020, 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'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 21, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

Currency : Baht

ASSETS	Notes	2020	2019
CURRENT ASSETS			
Cash and cash equivalents		**63,462.75**	63,225.23
TOTAL CURRENT ASSETS		**63,462.75**	63,225.23
NON-CURRENT ASSETS			
Investment in subsidiaries	*4*	**38,000,000.00**	38,000,000.00
TOTAL NON-CURRENT ASSETS		**38,000,000.00**	38,000,000.00
TOTAL ASSETS		**38,063,462.75**	38,063,225.23
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payable	*5*	**16,625,272.00**	15,614,752.00
Short-term loan	*6*	**28,000,000.00**	28,000,000.00
TOTAL CURRENT LIABILITIES		**44,625,272.00**	43,614,752.00
TOTAL LIABILITIES		**44,625,272.00**	43,614,752.00
SHAREHOLDERS' EQUITY			
Authorized share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Issued and paid-up share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Retained earnings (Deficits)		**(16,561,809.25)**	(15,551,526.77)
TOTAL SHAREHOLDERS' EQUITY		**(6,561,809.25)**	(5,551,526.77)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,063,462.75**	38,063,225.23

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

_____________________ Director

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	2020	2019
REVENUES			
Other income		**239.92**	240.31
TOTAL REVENUES		**239.92**	240.31
EXPENSES			
Administrative expenses		**58,522.40**	58,522.41
TOTAL EXPENSES		**58,522.40**	58,522.41
EARNINGS BEFORE FINANCIAL COST		**(58,282.48)**	(58,282.10)
Financial costs		**952,000.00**	952,000.00
NET PROFIT/(LOSS)		**(1,010,282.48)**	(1,010,282.10)

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

______________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Issued and paid-up share capital		Retained earnings	Total
	Preference	**Ordinary**	**(Deficits)**	
Beginning balance as of March 31, 2018	5,100,000.00	4,900,000.00	(14,541,244.67)	(4,541,244.67)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,010,282.10)	(1,010,282.10)
Ending balance as of March 31, 2019	5,100,000.00	4,900,000.00	(15,551,526.77)	(5,551,526.77)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,010,282.48)	(1,010,282.48)
Ending balance as of March 31, 2020	**5,100,000.00**	**4,900,000.00**	**(16,561,809.25)**	**(6,561,809.25)**

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

____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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 March 31, 2020 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*

	2020	2019
Accrued interest expenses - Related parties (Note 6)	**13,809,542.85**	13,000,342.85
Accrued interest expenses for withholding tax	**2,436,978.15**	2,294,178.15
Accrued expenses	**23,210.00**	23,210.00
Other payable - Related parties (Note 6)	**355,541.00**	297,021.00
Total	**16,625,272.00**	15,614,752.00

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

	2020	2019
Expenses		
Mahindra Holidays & Resorts India Limited	**952,000.00**	952,000.00
Payable		
Mahindra Holidays & Resorts India Limited	**13,809,542.85**	13,000,342.85
Infinity Hospitality Group Co., Ltd.	**355,541.00**	297,021.00
Loan from related parties		
Mahindra Holidays & Resorts India Limited	**28,000,000.00**	28,000,000.00
Interest rate	**3.40%**	3.40%

7 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 21, 2020.

____________________ 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, 2020, 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, 2020, 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'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 21, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

ASSETS

Currency : Baht

	Notes	2020	2019
CURRENT ASSETS			
Cash and cash equivalents		**2,337,580.81**	16,124,929.27
Trade and other receivables	4	**1,287,830.39**	2,344,133.53
Inventory	5	**293,374.43**	360,231.19
Other current assets		**1,557,948.30**	724,863.55
TOTAL CURRENT ASSETS		**5,476,733.93**	19,554,157.54
NON-CURRENT ASSETS			
Property, plant and equipment	6	**196,446,946.30**	174,215,555.72
Intangible assets	7	**36,505.80**	89,015.97
Other non-current assets		**408,673.80**	408,673.80
TOTAL NON-CURRENT ASSETS		**196,892,125.90**	174,713,245.49
TOTAL ASSETS		**202,368,859.83**	194,267,403.03

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

______________________ Director

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020 (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

Currency : Baht

	Notes	**2020**	2019
CURRENT LIABILITIES			
Short-term loan from financial institution	*8*	**25,000,000.00**	–
Trade and other payables	*9*	**1,271,445.74**	2,140,733.11
Current portion of Long-term loan	*12*	**7,000,000.00**	7,000,000.00
Other current liabilities	*10*	**132,573.17**	450,219.44
TOTAL CURRENT LIABILITIES		**33,404,018.91**	9,590,952.55
NON - CURRENT LIABILITIES			
Long-term loan	*12*	**134,000,000.00**	141,000,000.00
TOTAL NON - CURRENT LIABILITIES		**134,000,000.00**	141,000,000.00
TOTAL LIABILITIES		**167,404,018.91**	150,590,952.55
SHAREHOLDERS' EQUITY			
Authorized share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Issued and paid-up share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Retained earnings (Deficits)		**(115,035,159.08)**	(106,323,549.52)
TOTAL SHAREHOLDERS' EQUITY		**34,964,840.92**	43,676,450.48
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**202,368,859.83**	194,267,403.03

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

_____________________ Director

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	**2020**	2019
REVENUES			
Revenue from rent and services		**30,487,653.59**	34,954,590.48
Other income		**153,636.38**	48,894.76
TOTAL REVENUES		**30,641,289.97**	35,003,485.24
EXPENSES			
Cost of rent and services		**17,100,508.20**	18,378,786.25
Selling expenses		**2,251,230.94**	2,356,213.46
Administrative expenses		**13,381,535.91**	8,796,632.45
TOTAL EXPENSES		**32,733,275.05**	29,531,632.16
EARNINGS BEFORE FINANCIAL COST		**(2,091,985.08)**	5,471,853.08
Financial costs		**(6,619,624.48)**	(6,654,503.93)
NET PROFIT (LOSS)		**(8,711,609.56)**	(1,182,650.85)

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

____________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	**Issued and paid-up share capital**	**Retained earnings (Deficits)**	**Total**
Beginning balance as of 31 March 2018		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)
Ending balance as of 31 March 2019		150,000,000.00	(106,323,549.52)	43,676,450.48
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(8,711,609.56)	(8,711,609.56)
Ending balance as of 31 March 2020		**150,000,000.00**	**(115,035,159.08)**	**34,964,840.92**

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

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2020

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 :

	Useful 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 contigent 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*

	2020	2019
Accounts Receivables - Trade	**4,607.96**	144,835.85
Accrued income - related parties (Note 11)	**673,714.80**	1,719,243.90
Other account receivables - related parties (Note 11)	**355,541.00**	297,021.00
Prepaid expenses	**235,966.63**	165,678.78
Other receivable	**18,000.00**	17,354.00
Total	**1,287,830.39**	2,344,133.53

5 INVENTORY

Consist of: *Currency : Baht*

	2020	2019
Finished Goods	**293,374.43**	360,231.19
Total	**293,374.43**	360,231.19

______________________ Director

6 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Construction in Progress	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost									
As at March 31, 2019	–	114,770,000.00	108,968,618.24	12,466,779.51	1,472,138.47	2,638,036.07	476,123.67	175,000.00	240,966,695.96
Acquisitions	11,799,796.19	–	–	20,162,850.93	–	62,889.00	45,970.00	–	32,071,506.12
Disposals	–	–	–	(3,753,758.11)	(235,667.06)	(52,704.12)	(14,900.00)	–	(4,057,029.29)
As at March 31, 2020	**11,799,796.19**	**114,770,000.00**	**108,968,618.24**	**28,875,872.33**	**1,236,471.41**	**2,648,220.95**	**507,193.67**	**175,000.00**	**268,981,172.79**
Accumulated depreciation									
As at March 31, 2019	–	–	60,541,248.30	2,359,855.06	921,908.37	2,358,020.06	395,109.45	174,999.00	66,751,140.24
Depreciation for the period	–	–	5,448,430.81	890,363.00	137,861.73	109,569.44	51,306.39	–	6,637,531.37
Depreciation on disposals	–	–	–	(592,967.01)	(194,072.36)	(52,506.75)	(14,899.00)	–	(854,445.12)
As at March 31, 2020	**–**	**–**	**65,989,679.11**	**2,657,251.05**	**865,697.74**	**2,415,082.75**	**431,516.84**	**174,999.00**	**72,534,226.49**
Net book value									
As at March 31, 2019	–	114,770,000.00	48,427,369.94	10,106,924.45	550,230.10	280,016.01	81,014.22	1.00	174,215,555.72
As at March 31, 2020	**11,799,796.19**	**114,770,000.00**	**42,978,939.13**	**26,218,621.28**	**370,773.67**	**233,138.20**	**75,676.83**	**1.00**	**196,446,946.30**
Depreciation for the year									
For the year ended March 31, 2019 (Included in cost and administrative expenses)									6,079,485.49
For the year ended March 31, 2020 (Included in cost and administrative expenses)									**6,637,531.37**

Security

At March 31, 2020 and 2019, the Company's properties, all Land and Buildings, with a net book value of Baht 157.75 and 163.20 million were subjected to secure loans from a financial institutions (see note 12).

7 INTANGIBLE ASSETS

Currency : Baht

Consist of:	Computer software	Total
Cost		
As at March 31, 2019	797,433.00	797,433.00
Acquisitions	–	–
Disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2020	**797,433.00**	**797,433.00**
Accumulated amortisation		
As at March 31, 2019	708,417.03	708,417.03
Amortisation for the period	52,510.17	52,510.17
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2020	**760,927.20**	**760,927.20**
Net book value		
As at March 31, 2019	89,015.97	89,015.97
As at March 31, 2020	**36,505.80**	**36,505.80**
Amortisation for the period		
For the year ended March 31, 2019 (Included in administrative expenses)		58,572.42
For the year ended March 31, 2020 (Included in administrative expenses)		**52,510.17**

8 SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

On November 21, 2019, The Company has entered into Banking Facility Agreement for Short Term Loan of Baht 44 million. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus the applicable Margin per annum.

The Company issued 3 months of promissory notes for above Banking Facility Agreement as following details:

Currency : Baht

	2020	2019
Balance as of April 1,	–	–
Add Loan received	**25,000,000.00**	–
Less Repayment	–	–
Balance as of March 31,	**25,000,000.00**	–

9 TRADE AND OTHER PAYABLES

Consist of:

Currency : Baht

	2020	2019
Trade payables	**404,905.56**	888,930.52
Advance received	**13,116.24**	11,822.44
Accrued interest expenses - Other	**263,066.56**	280,141.09
Accrued service charge	**12,512.38**	153,404.30
Accrued expenses	**577,845.00**	806,434.76
Total	**1,271,445.74**	2,140,733.11

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2020

10 OTHER CURRENT LIABILITIES

Consist of: *Currency : Baht*

	2020	2019
Unrealised output tax	**42,794.79**	121,097.80
Value added tax payable	–	209,338.46
Withholding tax payable	**65,808.38**	21,887.18
Social security tax payable	**23,970.00**	47,896.00
Short-term deposit	–	50,000.00
Total	**132,573.17**	450,219.44

11 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
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

	2020	2019
Income		
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	**19,021,320.45**	18,025,048.80
Expenses		
Mahindra Holidays & Resorts India Limited	**773,555.00**	810,676.00
Receivable		
Mahindra Holidays & Resorts India Limited	**673,714.80**	1,719,243.90
MH Boutique Co., Ltd.	**355,541.00**	297,021.00
Payable		
Mahindra Holidays & Resorts India Limited	**328,845.00**	197,174.00

12 LONG-TERM LOAN

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

	2020	2019
Long-term loan	**141,000,000.00**	148,000,000.00
Less Current portion of Long-term borrowings	**(7,000,000.00)**	(7,000,000.00)
Net Long-term loan	**134,000,000.00**	141,000,000.00

Moving of long-term loan during the years ended March 31, 2020 and 2019 are as followed:

Currency : Baht

	2020	2019
Balance as of April 1,	**148,000,000.00**	155,000,000.00
Add Loan received	–	–
Less Repayment	**(7,000,000.00)**	(7,000,000.00)
Balance as of March 31,	**141,000,000.00**	148,000,000.00

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:

Currency : Million Baht

No.	Month	Repayment	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	42nd	3.5	137.50
8	48th	3.5	134.00
9	54th	3.5	130.50
10	60th	130.5	–

13 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 21, 2020.

Director

INDEPENDENT AUDITORS' 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 March 31, 2020, 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 give a true and fair view of the financial position of the Company as at March 31, 2020 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 Global Business Licence (*formerly called 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 4,222,567 during the year ended March 31, 2020 and, as of that date, the Company had a net liability of EUR 4,077,567. 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 Auditors' 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 Directors sections, but does not include the financial statements and our auditors' report thereon.

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

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

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 Global Business Licence (*formerly called 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: May 4, 2020

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

	Notes	2020	2019
		EUR	EUR
INCOME		**–**	–
EXPENDITURE			
Professional fees	15	**52,505**	23,483
Audit fees		**8,526**	6,427
Bank charges		**2,391**	3,005
Licence fees		**2,847**	2,184
		66,269	35,099
OPERATING LOSS		**(66,269)**	(35,099)
Finance income	10.1	**1,115,618**	1,185,311
Finance costs	10.2	**(1,861,128)**	(1,715,999)
LOSS BEFORE TAX		**(811,779)**	(565,787)
Tax expense	8	**–**	–
LOSS FOR THE YEAR		**(811,779)**	(565,787)
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss		**–**	–
Items that will be reclassified subsequently to profit or loss		**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(811,779)**	(565,787)

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Notes	2020	2019
		EUR	EUR
ASSETS			
Non-Current			
Investments in subsidiary	9	**23,182,500**	23,182,500
Loans	11	**27,032,793**	35,490,855
Non-current assets		**50,215,293**	58,673,355
Current			
Loans	11	**17,413,864**	–
Receivable and prepayments	14	**2,450**	176,200
Cash and cash equivalents		**588,386**	98,100
Current assets		**18,004,700**	274,300
Total assets		**68,219,993**	58,947,655
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**145,000**	145,000
Accumulated losses		**(4,222,567)**	(3,410,788)
Total shareholder's deficit		**(4,077,567)**	(3,265,788)
Liabilities			
Non-current			
Borrowings	12	**15,850,000**	46,856,777
Derivative financial instruments	13	**–**	227,632
Non-current liabilities		**15,850,000**	47,084,409
Current			
Borrowings	12	**54,825,972**	13,977,556
Derivative financial instruments	13	**132,558**	29,326
Accruals	17	**1,489,030**	1,122,152
Current liabilities		**56,445,560**	15,129,034
Total liabilities		**72,297,560**	62,213,443
Total equity and liabilities		**68,219,993**	58,947,655

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:

DIRECTOR

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

	Stated capital	Accumulated losses	Total
	EUR	EUR	EUR
At April 1, 2018	145,000	(2,845,001)	(2,700,001)
Loss for the year	–	(565,787)	(565,787)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(565,787)	(565,787)
At March 31, 2019	145,000	(3,410,788)	(3,265,788)
At April 1, 2019	**145,000**	**(3,410,788)**	**(3,265,788)**
Loss for the year	**–**	**(811,779)**	**(811,779)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**(811,779)**	**(811,779)**
At March 31, 2020	**145,000**	**(4,222,567)**	**(4,077,567)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	EUR	EUR
Operating activities		
Loss before tax	**(811,779)**	(565,787)
Adjustments for:		
Interest income	**(955,802)**	(870,855)
Interest expense (Note 19)	**989,674**	1,020,103
Amortisation of transaction costs (Note 19)	**143,223**	143,224
Loss on interest rate swaps (Note 19)	**256,379**	234,413
Net fair value adjustment – Derivative financial instruments	**(124,400)**	(213,736)
	(502,705)	(252,638)
Changes in working capital:		
Decrease/(increase) in prepayments	**102**	(287)
Decrease/(increase) in receivable	**173,648**	(100,720)
Increase in accruals	**366,878**	311,011
Net cash from/(used in) operations	**37,923**	(42,634)
Interest received	**1,000,000**	631,951
Interest paid (Note 19)	**(1,247,637)**	(1,226,753)
Net cash used in operating activities	**(209,714)**	(637,436)
Investing activities		
Loans to subsidiary	**(9,000,000)**	(5,470,000)
Net cash used in investing activities	**(9,000,000)**	(5,470,000)
Financing activities		
Loans received (Note 19)	**9,700,000**	6,070,000
Net cash from financing activities	**9,700,000**	6,070,000
Net change in cash and cash equivalents	**490,286**	(37,436)
Cash and cash equivalents at beginning of the year	**98,100**	135,536
Cash and cash equivalents at end of the year	**588,386**	98,100
Cash and cash equivalents made up of :		
Cash at bank	**588,386**	98,100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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 June 26, 2014 as a private company with liability limited by shares and holds a Global Business Licence (*formerly 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 Global Business Licence (*formerly 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 financial year commencing on 01 April 2019:

IFRS 16	Leases
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)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IAS 12/ IAS 23/ IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycles

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that none of the above has an impact on these financial statements.

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 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9/IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

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.

Subsequent measurement of financial assets

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.

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 Global Business Licence (*formerly 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 year's 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 re-measurement 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 directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors 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 directors 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.

	2020	2019
	EUR	EUR
Financial assets at amortised cost		
Non-current		
Loans	**27,032,793**	35,490,855
Current		
Loans	**17,413,864**	–
Receivable	**–**	173,648
Cash and cash equivalents	**588,386**	98,100
	18,002,250	271,748
Total financial assets	**45,035,043**	35,762,603
Non-current		
Derivative financial instruments	**–**	227,632
Financial liabilities measured at amortised cost		
Borrowings	**15,850,000**	46,856,777
	15,850,000	47,084,409
Current		
Derivative financial instruments	**132,558**	29,326
Financial liabilities measured at amortised cost		
Borrowings	**54,825,972**	13,977,556
Accruals	**1,489,030**	1,122,152
	56,447,560	15,129,034
Total financial liabilities	**72,297,560**	62,213,443

The Board of Directors 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 2020	Financial liabilities 2020
	EUR	**EUR**
Long term exposure		
Euro (EUR)	**27,032,793**	**15,850,000**
Short term exposure		
Euro (EUR)	**18,002,250**	**56,434,215**
United States Dollar (USD)	–	**13,345**
	45,035,043	**72,297,560**

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

(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 was bearing interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12 (ii)). The all- inclusive rate of interest was initially fixed at 3.45%. The interest is payable at the end of every 6 months. Pursuant to board minutes dated August 2, 2019, the loan extension period has been revised to August 4, 2022 and the margin rate has been modified to 1.10% per annum.

Loan of EUR 4,300,000

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 12 (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.

The bank loan of EUR 3,600,000 disbursed in prior financial years form part of EUR 5,000,000 Revolving Credit Facility. As at March 31, 2020, an additional disbursement of EUR 700,000 was made out of the Revolving Credit Facility with the same conditions pertaining repayment and interest rate.

Loan of EUR 6,500,000

As at March 31, 2020, the Company received a bank loan of EUR 6,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR plus a margin of 1.10% per annum on fixed basis (Note 12 (ii) to these financial statements). This represent the first tranche of loan disbursed to the Company out of a loan facility of EUR 10,000,000. It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The tenure of the loan is 2.99 years from each drawdown.

Loan of EUR 2,500,000

As at March 31, 2020, the Company received an additional bank loan of EUR 2,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR plus a margin of 1.20% per annum on fixed basis (Note 12 (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 1.99 years from the date of drawdown. The interest is payable at the end of every 3 or 6 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 12 (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 June 23, 2017 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. In the prior financial year, the Company has received an additional amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

The Company has entered into interest swaps for an amount EUR 41,550,000 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. During the year under review, the interest swap agreement for an amount of EUR 4,000,000 entered with HSBC has expired on November 12, 2019.

The market interest rate risk for the other loans amounting to EUR 28,670,000 (EUR 8,520,000 from AXIS Bank Limited and EUR 20,150,000 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's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	EUR	EUR
ASSETS		
Non-current		
Loans	**27,032,793**	35,490,855
Current assets		
Loans	**17,413,864**	–
Receivable	**–**	173,648
Cash and cash equivalents	**588,386**	98,100
	18,002,250	271,748
	45,035,043	35,762,603

(i) The Company has given loans to its Subsidiary, which are unsecured, and the interest rate and repayment terms are disclosed in Note 11.

The receivable from the related party was unsecured, interest free and fully received during the year.

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. The directors consider both historical analysis and forward-looking information in determining any ECL. The directors acknowledge the current outbreak of Covid-19 and its adverse economic impact on the countries, industries and markets in which the Company invests. However, the directors believe that Covid-19 will only have a short term impact on the Company and these investments were made in the Subsidiary with a view of long term appreciation and returns. Additionally, the Company has the financial support of its shareholder to ensure continuation of its operations. Therefore, the directors consider the probability of default to be close to zero as the Subsidiary has strong capacity to meet their contractual obligations 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.

(ii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

(iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

(iv) 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:

	2020		2019	
	Less than 1 year	**More than 1 year**	Less than 1 year	More than 1 year
	EUR	**EUR**	EUR	EUR
Borrowings	**54,825,972**	**15,850,000**	13,977,556	46,856,777
Derivative financial instruments	**132,558**	–	29,326	227,632
Accruals	**1,489,030**	–	1,122,152	–
Total	**56,447,560**	**15,850,000**	15,129,034	47,084,409

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 March 31, 2020 and March 31, 2019:

March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Liabilities				
Interest rate swaps	**–**	**132,559**	**–**	**132,559**

March 31, 2019	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Liabilities				
Interest rate swaps	–	256,958	–	256,958

There has been no transfer from Level 1 and Level 2 in 2020 and 2019.

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 March 31, 2020 and March 31, 2019, the Company was fully geared since it relies on external borrowings to finance its operations.

8. TAXATION

(i) Income tax

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

Post June 30, 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 and should include the following characteristics:

(a) The Company carries out its core income generating activities in Mauritius;

(b) The Company employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core income generating activities; and

(c) The Company incurs a minimum expenditure proportionate to its level of activities.

The Company also need to demonstrate that its central management and control is in Mauritius.

At March 31, 2020, the Company has accumulated tax losses of **EUR 858,177** (2019: EUR 816,145) which will be carried forward and available for set off against future taxable profit as follows:

	EUR
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	**114,101**
Up to the year ending 31 March 2025	**165,327**
	858,177

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At March 31, 2020, 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:

	2020	2019
	EUR	EUR
Loss for the year	**(811,779)**	(565,787)
Tax calculated at the rate of 3%	**(24,353)**	(16,974)
Non-allowable expenses	**23,126**	19,963
Items outside scope of taxation	**(3,732)**	(6,412)
Deferred tax asset not recognized	**4,959**	3,423
Tax expense	**–**	–

9. INVESTMENTS IN SUBSIDIARY

	2020	2019
	EUR	EUR
(i) Unquoted investment at cost:		
At 01 April and 31 March	**23,182,500**	23,182,500

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

Name of investee company	Country of Incorporation	Type of investments	Number of shares	Cost 2020	Cost 2019
				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 July 17, 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 July 14, 2014, November 10, 2014 and August 18, 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 directors acknowledge the current outbreak of Coronavirus (Covid-19) and its adverse impact on industries and markets. The directors are monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning. The directors have assessed the recoverable amount of the investments made in Covington S.à.r.l and concluded that as at March 31, 2020, the impact of Covid-19 does not affect the value of investments in the subsidiary since the investments have been made with a view of long term appreciation and returns.

(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 Global Business Licence (*formerly 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

	2020	2019
	EUR	EUR
10.1 Finance income		
Net fair value adjustment - Derivative financial instruments (Note 13)	**124,400**	213,736
Corporate Guarantee Commission income (Note 12(ii))	**35,416**	100,720
Interest on loans (Note 11(i))	**955,802**	870,855
	1,115,618	1,185,311
10.2 Finance costs		
Interest on borrowings (Note 12(i))	**989,674**	1,020,103
SBLC fee	**–**	7,631
Commissions on Corporate Guarantee (Note 12(ii))	**363,750**	310,628
Agency fees	**7,500**	–
Amortisation of transaction costs (Note 12 (i))	**143,223**	143,224
Loss on interest rate swaps (Notes 12 (i) and (iv))	**256,379**	234,413
Refunds to Holidays Club Resorts India Limited (Note 12(ii))	**100,602**	–
	1,861,128	1,715,999

11 LOANS

	2020	2019
	EUR	EUR
Loans to subsidiary:		
Non-current		
Principal amounts	**26,800,000**	34,620,000
Interest receivable	**232,793**	870,855
	27,032,793	35,490,855
Current		
Principal amounts	**16,820,000**	–
Interest receivable	**593,864**	–
	17,413,864	–
Total	**44,446,657**	35,490,855

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

	2020	2019
	EUR	EUR
Opening balance	**35,490,855**	29,781,951
Loans given during the year	**9,000,000**	5,470,000
Interest income for the year	**955,802**	870,855
Interest received during the year	**(1,000,000)**	(631,951)
Closing balance	**44,446,657**	35,490,855

Transactions taking place during the year ended March 31, 2020:

(ii) The loans amounting to EUR 16,700,000 granted on August 28, 2015 and September 10, 2015, which were receivable by August 28, 2019 were further extended for a period of additional two years pursuant to board meeting dated March 24, 2020. The interest rate has not changed subsequent to the extension period. Consequently the loans were classified as non-current in these financial statements.

(iii) The loan amounting to EUR 1,100,000 granted on April 7, 2017, which was receivable by April 3, 2020 was further for a period of additional three years pursuant to board meeting dated March 24, 2020. The interest rate has remained unchanged subsequent to the extension period. Consequently the loans were classified as non-current in these financial statements.

(iv) Loans amounting to EUR 3,500,000, EUR 100,000, EUR 1,750,000 and EUR 6,000,000 granted in prior financial years having revised repayment date of July 31, 2020, September 10, 2020, September 22, 2020 and December 22, 2020 respectively pursuant to board minutes dated September 27, 2018 have been classified as current assets in these financial statements.

(v) Loans amounting to EUR 3,000,000 and EUR 2,470,000 granted in prior financial year ended having repayment date of October 5, 2020 and July 16, 2020 respectively have also been classified as current assets as at March 31, 2020.

(vi) During the year ended March 31, 2020, the Company has provided additional loans to its subsidiary amounting to EUR 6,500,000 and EUR 2,500,000 on November 5, 2019 and March 24, 2020 based on board minutes dated October 31, 2019 and March 24, 2020 respectively. Both loans bear interest rate of 2.20% and receivable in 3 years' time.

(vii) The directors have taken into consideration both historical analysis and forward-looking information in determining any ECL. The directors consider the probability of default to be close to zero as the subsidiary has strong capacity to meet their contractual obligations 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 (Note 5.2).

12 BORROWINGS

	2020	2019
	EUR	EUR
Non-current		
Bank loans (Note 12 (ii))	**15,850,000**	46,856,777
Current		
Bank loans (Note 12(ii))	**54,501,768**	13,658,852
Loan from holding company (Note 12 (iii))	**324,204**	318,704
	54,825,972	13,977,556
Total	**70,675,972**	60,834,333

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

	2020	2019
	EUR	EUR
At 01 April	**60,834,333**	54,593,346
Loans taken during the year:		
AXIS BANK LIMITED	**–**	2,470,000
HSBC Bank (Mauritius) Limited	**9,700,000**	3,600,000
Interest element for the year:		
Interest expense	**989,674**	1,020,103
Interest payment	**(991,258)**	(992,340)
Loss on interest rate swaps	**256,379**	234,413
Interest rate swap payment	**(256,379)**	(234,413)
Transaction costs incurred for the year:		
Amortisation of transaction costs (Note 16)	**143,223**	143,224
At 31 March	**70,675,972**	60,834,333

(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 July 31, 2014 whereby the loan was repayable on August 4, 2019. The loan had interest rate 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 was initially fixed at 3.45%. Pursuant to board minutes dated 02 August 2019, the loan extension period has been revised to August 4, 2022 and the margin rate has been modified to 1.10% per annum. Interest accrued on the loan outstanding at the reporting date amounted to EUR 12,786.

Loan of EUR 4,300,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on September 28, 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 12,061.

The bank loan of EUR 3,600,000 disbursed in prior financial years constitute the EUR 5,000,000 Revolving Credit Facility entered into by Company on September 28, 2018. As at March 31, 2020, an additional disbursement of EUR 700,000 was made out of the Revolving Credit Facility with the same conditions pertaining repayment and interest rate. Interest accrued on the loan outstanding at the reporting date amounted to EUR 2,550.

Loan of EUR 6,500,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on October 29, 2019 for a loan of EUR 10,000,000 and repayable in 2.99 years. As at March 31, 2020, an amount of EUR 6,500,000 has been disbursed. The loan bears interest at EURIBOR plus a margin of 1.10% per annum. 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 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 30,302.

Loan of EUR 2,500,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on March 24, 2020 for a loan of EUR 2,500,000 and repayable in 1.99 years. The loan bears interest at EURIBOR plus a margin of 1.20% per annum. 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 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 500.

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. In the prior financial year, the Company has received an additional amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

The Company (the "Borrower") entered into a Facility Agreement dated August 27, 2015 with AXIS BANK LIMITED (the "Lender") to borrow a loan of EUR 47,000,000 which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum. The loan was acquired for the purpose of acquiring additional stake in HCR and to refinance the existing debt raised for acquisition of 23% stake in HCR. The loan is repayable at the end of 5 years and has been classified as current liabilities in these financial statements.

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 73,569.

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 March 31, 2020, an amount of **EUR 363,750** (2019: EUR 310,628) was charged as commission and an amount of **EUR 1,475,685** (2019: EUR 1,111,937) remains payable at March 31, 2020.

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 35,416** (2019: EUR 100,720) was charged as commission and an amount of **EUR NIL** (2019: EUR 173,648) is receivable at March 31, 2020. In addition, during the year, the Company has refunded an amount of EUR 100,602 to HCR representing excess guarantee commission charged in prior financial years.

(iii) During the year ended March 31, 2016, the Company borrowed a loan of EUR 250,000 from Mahindra Holdings & Resorts India Limited ("MHRIL") 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 256,379 (2019: EUR 234,413) was incurred on the swap arrangement.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	2020	2019
	EUR	EUR
Non-current		
Interest rate swaps	**–**	227,632
Current		
Interest rate swaps	**132,558**	29,326
Total	**132,558**	256,958

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 AXIS BANK LIMITED was classified as current liability since the maturity of the hedged item is less than one year. During the year under review, the interest swap agreement for an amount of EUR 4,000,000 entered with HSBC has expired on November 12, 2019.

The notional principal amount of the outstanding interest rate swap at March 31, 2020 was EUR 41,550,000.

At March 31, 2020, 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	41,550,000	0.2526%	22 December 2015, 03 January 2017 and 07 April 2017	28 August 2020	132,558

During the year under review, an amount of EUR 256,379 (2019: EUR 234,413) (Note 10.2) 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 124,400 (2019: EUR 213,736) during the year under review.

14. RECEIVABLE AND PREPAYMENTS

	2020	2019
	EUR	EUR
Receivable from related party (Note 14(i))	–	173,648
Prepayments	2,450	2,552
	2,450	176,200

(i) The amount receivable from the related party was unsecured, interest free and fully received during the year.

15. PROFESSIONAL FEES

	2020	2019
	EUR	EUR
Administration fees and disbursements	45,477	17,051
Directors' fees	3,679	3,121
Fees for tax filings	2,080	1,544
Secretarial fees	1,269	1,362
Professional fees	–	405
	52,505	23,483

16. TRANSACTION COSTS

	2020	2020
	EUR	EUR
Agency fees	500	500
Brokerage fees	138,425	138,425
Legal fees	4,298	4,299
	143,223	143,224

Transaction costs relate to charges in respect of loan taken from AXIS BANK LIMITED (Note 12 (ii)). The costs have been amortised over a period of 5 years, which is the tenure of the loan.

17. ACCRUALS

	2020	2019
	EUR	EUR
Commission on Corporate Guarantee (Note 12(ii))	1,475,685	1,111,937
Audit fees	7,140	5,650
Administration fees	6,111	4,503
Disbursements	94	62
	1,489,030	1,122,152

18 STATED CAPITAL

	2020	2019
	EUR	EUR
Issued and paid:		
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

	2020	2019
	EUR	EUR
Net debt		
Borrowings:		
- Repayable within one year	54,825,972	13,977,556
- Repayable after one year	15,850,000	46,856,777
	70,675,972	60,834,333

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
Net debt as at April 1, 2019	13,977,556	46,856,777	60,834,333
Cash flows:			
- Additional loan from HSBC Bank (Mauritius) Limited	700,000	9,000,000	9,700,000
- Interest paid	(991,258)	–	(991,258)
- Interest rate swap paid	(256,379)	–	(256,379)
Non cash movement:			
- Loss on interest rate swaps	256,379	–	256,379
- Amortisation of loan	–	143,223	143,223
- Interest expense	989,674	–	989,674
- Reclassification of loan	40,150,000	(40,150,000)	–
Net debt as at March 31, 2020	54,825,972	15,850,000	70,675,972

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
Net debt as at April 1, 2018	429,793	54,163,554	54,593,346
Cash flows:			
- Additional loan from AXIS Bank Limited	2,470,000	–	2,470,000
- 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)
Non cash movement:			
- Loss on interest rate swaps	234,413	–	234,413
- Amortisation of loan	–	143,224	143,224
- Interest expense	1,020,103	–	1,020,103
- Reclassification of loan	7,450,000	(7,450,000)	–
Net debt as at March 31, 2019	13,977,556	46,856,777	60,834,333

20. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2020, 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 2020	Debit/ (credit) balances at 31 March 2019
			EUR	EUR	EUR
Covington S.à.r.l. (Note 11 (i))	Subsidiary	Loans and interest receivable	**8,955,802**	**44,446,657**	35,490,855
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**	**(74,204)**	(68,704)
Holidays Club Resorts India Limited (Note 14)	Indirect subsidiary	Receivable	**173,046**	–	173,648
Mahindra Holidays and Resorts India Limited (Note 17)	Holding company	Commission on Corporate Guarantee	**363,750**	**(1,475,685)**	(1,111,937)

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 March 31, 2020.

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 4,222,567 as at March 31, 2020 (March 31, 2019: EUR 3,410,788) and has also a net liability position of EUR 4,077,567 (March 31, 2019: EUR 3,265,788). The directors 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 has been no material event after the reporting date which would require any disclosure or adjustments to the financial statements for the year ended March 31, 2020.

24. HOLDING COMPANIES

The directors 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

To the Annual General Meeting of Covington S.a.r.l.

Opinion

We have audited the annual accounts of Covington S.à r.l. (the "Company"), which comprise the balance sheet as at March 31, 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at March 31, 2020, 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 July 23, 2016 on the audit profession ("Law of July 23, 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 July 23, 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 Auditor 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 July 23, 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 July 23, 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.

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.

Luxembourg, April 30, 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
S Yeo

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS	Notes	2020 EUR	2019 EUR
FIXED ASSETS			
Financial fixed assets	3		
Shares in affiliated undertakings		**67,853,012.21**	65,879,136.21
		67,853,012.21	65,879,136.21
CURRENT ASSETS			
Debtors	4		
Amounts owed by affiliated undertakings			
becoming due and payable within one year		**52,433.32**	3,239,853.77
becoming due and payable after more than one year		**3,151,337.45**	–
Other debtors			
becoming due and payable within one year		**6,018.75**	2,407.50
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**678,243.31**	55,138.84
PREPAYMENTS		**5,964.08**	6,108.86
TOTAL ASSETS		**71,747,009.12**	69,182,645.18
LIABILITIES			
CAPITAL AND RESERVES	5		
Subscribed capital		**12,500.00**	12,500.00
Share premium and similar premiums		**23,165,000.00**	23,165,000.00
Profit/(Loss) brought forward		**218,658.19**	(600,524.62)
Profit/(Loss) for the financial year		**102,208.22**	819,182.81
		23,498,366.41	23,396,158.19
CREDITORS	6		
Trade Creditors			
becoming due and payable within one year		**35,008.52**	71,889.64
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**17,668,286.84**	17,419,403.00
becoming due and payable after more than one year		**27,032,792.35**	18,289,879.35
Tax and social security debts			
Tax debts		**10,130.00**	5,315.00
Other Creditors			
becoming due and payable within one year		**3,502,425.00**	6,500,000.00
becoming due and payable after more than one year		–	3,500,000.00
		48,248,642.71	45,786,486.99
TOTAL CAPITAL, RESERVES, LIABILITIES		**71,747,009.12**	69,182,645.18

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

	Notes	2020 EUR	2019 EUR
Raw materials and consumables and other external expenses	7	**(141,792.55)**	(168,845.52)
Other external expenses		**(141,792.55)**	(168,845.52)
Other operating expenses		**(1,491.08)**	(1,300.10)
Income from participating interests	8	**1,141,002.69**	1,793,132.00
Derived from affiliated undertakings		**1,141,002.69**	1,793,132.00
Other income from participating interests		**–**	–
Other interest receivable and similar income	9	**194,477.01**	258,648.66
Derived from affiliated undertakings		**66,356.00**	73,995.78
Other interest and similar income		**128,121.01**	184,652.88
Interest payable and similar expenses	10	**(1,083,922.85)**	(1,055,532.23)
Concerning affiliated undertakings		**(955,801.84)**	(870,879.35)
Other interest and similar expenses		**(128,121.01)**	(184,652.88)
Tax on profit or (loss)	11	**(1,250.00)**	(500.00)
Profit or (loss) after taxation		**107,023.22**	825,602.81
Other taxes not shown under items 1 to 16	11	**(4,815.00)**	(6,420.00)
Profit or (loss) for the financial year		**102,208.22**	819,182.81

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, 2020.

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 adress.

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.

Although the current liabilities of the Company exceed the current assets as of March 31, 2020, the Board has prepared these annual accounts on a going concern basis. The Company has received positive indicators from its shareholder acting as creditor that they will not ask for repayment of the principal amount nor of the accrued but unpaid interests if this repayment would trigger an insolvency for the Company and they will provide a financial support if it is needed. The Board is not aware of anything that would prevent the Company from continuing as a going concern.

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 reimbursement 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	Total
	EUR	EUR
Gross book value - opening balance	**65,879,136.21**	**65,879,136.21**
Additions for the year	1,973,876.00	1,973,876.00
Gross book value - closing balance	**67,853,012.21**	**67,853,012.21**
Net book value - closing balance	**67,853,012.21**	**67,853,012.21**
Net book value - opening balance	**65,879,136.21**	**65,879,136.21**

Mahindra Holidays & Resorts India Ltd. (MHRIL) and certain management employees, 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 4,366,985.00. Transfer tax of 1.60% 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 1,929,550.00 and 16,900 shares for EUR 228,150.00). 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 1.60% 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 3,000,000.00 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%.

On March 31, 2020, the Company purchased 146,213 shares in HCRO at the subscription price of EUR 13.50 per share for a total amount of EUR 1,973,876.00 whereby the direct shareholding of the Company in HCRO increased to 95.96%. This combined with the indirect shareholding of 4.04%, amounts to a 100.00%.

b) Undertakings in which the Company holds at least 20% interests in their share capital as at 31/03/2020 are as follows:

Undertaking's name	**Registered office**	**Percentage of holding**	**Last balance sheet date**	**Net equity at the last balance sheet date**	**Result for the last financial year**	**Net book value 31/03/2020**	Net book value 31/03/2019
				(EUR)	**(EUR)**	**(EUR)**	(EUR)
Holiday Club Resorts Oy	Finland	95.96%	31/03/2020	62,824,140.00	143,632.00	**64,053,130.82**	62,079,254.82
HCR Management Oy (*)	Finland	100.00%	31/03/2020	2,268,268.00	47,991.00	**3,799,881.39**	3,799,881.39
Total						**67,853,012.21**	65,879,136.21

(*) 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.

Management assessment has been updated as of the date of annual accounts to include the effects of the outbreak of the Covid-19 pandemic, declared by the World Health Organization on March 11, 2020. The business of affiliated undertakings (Finish subsidiaries of the Company) developed steadily for the first eleven months. However, in March 2020, the last month of the financial year, the business suffered from the lack of demand caused by Covid-19. The management of the affiliated undertakings reacted immediately to the changed situation, adjusting their costs accordingly.

Based on the assessment performed the management of the Company believes that there are no indicators of durable value adjustment regarding shares in affiliated undertakings.

Note 4 - Debtors

This caption is detailed as follows:

	Within one year	**After one year and within five years**	**31.03.2020**	31.03.2019
			(EUR)	(EUR)
<u>Amounts owed to affiliated undertakings:</u>				
Loans to Holiday Club Resorts OY - Principal (*)	–	3,151,337.45	**3,151,337.45**	3,151,337.45
Loans to Holiday Club Resorts OY - Accrued interest	52,433.32	–	**52,433.32**	88,516.32
<u>Other debtors:</u>				
Net Wealth tax - Advances	6,018.75	–	**6,018.75**	2,407.50
Total	**58,452.07**	**3,151,337.45**	**3,209,789.52**	3,242,261.27

(*) On September 1, 2017, the Company agreed to lend to Holiday Club Resorts Oy the sum of EUR 2,000,000.00 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 3,000,000.00.

On July 17, 2018, the Company entered into a second loan agreement with Holiday Club Resorts Oy for an amount up to EUR 3,000,000.00 with an interest rate of 2.50%. On July 23, 2018, the Company paid out an amount of EUR 2,470,000.00 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, 2020, the outstanding amount of this loan is EUR 151,337.45. On March 24, 2020, the term of the loan has been extended for a period of two years.

On October 5, 2018, the Company entered into a third loan agreement of EUR 3,000,000.00 with Holiday Club Resorts Oy with an interest rate of 2.20% per annum. The initial maturity date of this loan was October 4, 2019 and has been extended for two additional years.

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
Opening balance	**12,500.00**	**12,500**
Subscriptions for the year	**–**	**–**
Closing balance	**12,500.00**	**12,500**

Share premium account

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

	Share premium
	EUR
Opening balance	**23,165,000.00**
Additions for the year	–
Closing balance	**23,165,000.00**

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5.00% of its annual net profit until this reserve equals 10.00% 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/(Loss) brought forward	Profit or loss for the financial year	Interim dividends
	EUR	EUR	EUR	EUR	EUR	EUR
As at the beginning of the year	–	–	–	**(600,524.62)**	**819,182.81**	–
Allocation of the prior year's result:						
Allocation to the result brought forward	–	–	–	819,182.81	(819,182.81)	–
Allocation to the legal reserve	1,250.00	–	–	(1,250.00)	–	–
Profit or loss for the year	–	–	–	–	102,208.22	–
As at the end of the year	**1,250.00**	**–**	**–**	**217,408.19**	**102,208.22**	–

Note 6 - Creditors

Creditors as at 31/03/2020 are composed of the following:

	Within one year	After one year and within five years	Total 31.03.2020	Total 31.03.2019
			EUR	EUR
Trade creditors	35,008.52	–	**35,008.52**	71,889.64
Amounts owed to affiliated undertakings:			**–**	–
Loans from MHR Holdings (Mauritius) Ltd. - Principal (*)	16,820,000.00	26,800,000.00	**43,620,000.00**	34,620,000.00
Loans from MHR Holdings (Mauritius) Ltd. - Accrued interest	593,888.84	232,792.35	**826,681.19**	870,879.35
Mahindra Holidays & Resorts India Ltd. (*)	254,398.00	–	**254,398.00**	218,403.00
Tax debts:				
Net wealth tax - estimated tax 2019	4,815.00	–	**4,815.00**	4,815.00
Net wealth tax - estimated tax 2020	4,815.00	–	**4,815.00**	–
Withholding tax on director's fees	500.00	–	**500.00**	500.00
Other creditors:				
Director fees	2,425.00	–	**2,425.00**	–
Loan from RCI Europe (**)	3,500,000.00	–	**3,500,000.00**	10,000,000.00
Total	**21,215,850.36**	**27,032,792.35**	**48,248,642.71**	45,786,486.99

(*) The loans owed to affiliated undertakings are as follows:

	Interest rate	Maturity	**Total 31.03.2020 EUR**	Total 31.03.2019 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%	21/08/2021	**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%	04/04/2023	**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**	2,570,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	03/10/2020	**3,000,000.00**	3,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	31/10/2022	**6,500,000.00**	–
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	24/03/2023	**2,500,000.00**	–
Payable owed to Mahindra Holidays & Resorts India Ltd	0.00%	–	**254,398.00**	218,403.00
Total			**43,874,398.00**	34,838,403.00

On September 10, 2014, a loan agreement up to EUR 100,000.00 has been made between MHR Holdings (Mauritius) Ltd and Covington S.à r.l., bearing an interest of 2.20% 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 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on July 31, 2020 and the accrued interests as at March 31, 2020 amount to EUR 52,491.99.

EUR 16,700,000.00 loan which bears interest at a nominal rate of 3.00% 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 2021 has been agreed by both parties in March, 2020. The accrued interests as at March 31, 2020 amount to EUR 124,565.58.

EUR 1,750,000.00 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 September 22, 2020 and the accrued interests as at March 31, 2020 amount to EUR 77,419.54.

EUR 6,000,000.00 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 December 27, 2020 and the accrued interests as at March 31, 2020 amount to EUR 266,227.40.

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 April 4, 2023 and the accrued interests as at March 31, 2020 amount to EUR 49,500.00.

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, 2020 amount to EUR 99,382.80.

EUR 3,000,000.00 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, 2020 amount to EUR 98,367.11.

EUR 6,500,000.00 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 31, 2022 and the accrued interest as at March 31, 2020 amount to EUR 57,825.13.

EUR 2,500,000.00 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 March 24, 2023 and the accrued interest as at March 31, 2020 amount to EUR 901.64.

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 254,398.00 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 2.00% per annum + EURIBOR 12M. The first tranche of EUR 6,500,000.00 has been drawdown on August 5, 2014 and was due on August 4, 2019 which is duly paid. The second tranche of EUR 3,500,000.00 has been drawdown on August 26, 2015 and is due on August 25, 2020. The accrued interests as at March 31, 2020 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

Note 7 - Other external charges

This caption is detailed as follows:	**2020 EUR**	2019 EUR
Professional fees	**95,142.02**	106,133.96
Commission on Corporate Guarantee	**35,995.00**	53,001.00
Director's fees	**6,062.50**	5,186.29
Bank fees	**4,243.03**	4,174.27
Luxembourg Chamber of Commerce contribution	**350.00**	350.00
	141,792.55	168,845.52

Note 8 - Income from participating interests

This caption is detailed as follows:	**2020 EUR**	2019 EUR
Dividend from HCRO	**1,141,002.69**	1,793,132.00
	1,141,002.69	1,793,132.00

Note 9 - Other interest and similar financial income

This caption is detailed as follows:	**2020 EUR**	2019 EUR
Concerning affiliated undertakings:		
Interest receivable from HCRO	**66,356.00**	73,995.78
Other interest and similar income		
Waiver on interest payable to RCI Europe	**128,121.01**	184,652.88
	194,477.01	258,648.66

Note 10 - Interest payable and similar charges

	2020	2019
This caption is detailed as follows:	**EUR**	EUR
Concerning affiliated undertakings:		
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6)	**955,801.84**	870,879.35
Other interest and similar expenses		
Interest charge on loan amounts owed to RCI Europe (See Note 6)	**128,121.01**	184,652.88
	1,083,922.85	1,055,532.23

Note 11 - Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 12 - Staff

The company did not employ any staff during the financial year ended March 31, 2020 (2019: Nil).

Note 13 - Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The Company did not grant any emoluments and has no commitments in respect of retirement pensions to members of its management during the financial year ended March 31, 2020 (2019: EUR Nil).

During the financial year, the Company incurred director's fees amounting to EUR 6,062.50 (2019: EUR 5,186.29).

Note 14 - Advances and loans granted to the members of the management and supervisory bodies

The Company did not grant any advances or loans to members of its management during the financial period ended March 31, 2020 (2019: Nil).

Note 15 - 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 16 - Subsequent events

The affiliated undertakings' financial position has weakened due to the sudden drop in demand due to the Covid-19 situation. Cash and cash equivalents position remains strong but will deteriorate rapidly as the situation continues. The management is finding out the most suitable additional financing methods to secure the situation if needed. Although Covid-19 has posed short-term challenges to the affiliated undertakings' operations, demand for their products and services is expected to develop positively in the longer term. In order to alleviate the situation with Covid-19, the management believes that it is strongly positioned to offer its services in the presumably growing domestic travel market.

The company's operations have not been materially impacted by the Covid-19 pandemic and business continuity can be ensured.

However, and whilst it is too early to assess the future impact precisely, the current environment may lead to have an impact on the value of the participation in the next financial year.

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 20333337-1) for the year ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors 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 Directors 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 Directors 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 Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. 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 Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors 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 Directors, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Effects of the coronavirus to the company's business

We draw attention to Note of significant events during the financial year in the financial statements, which describes the effects of the coronavirus epidemy, which started in early 2020 and expanded rapidly, to the company's business and financial position. Our opinion is not modified in respect of this matter.

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

Place: Helsinki
Date: April 27, 2020

INCOME STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2020

	Note	Eur 2020	Eur 2019
REVENUE	**1**	**150,564,239**	154,563,252
Other operating income	**2**	**6,458,704**	6,026,718
Share of Associated Company Profit/(loss)		**2,092**	10,239
Materials and services	3	**(54,744,484)**	(59,060,693)
Personnel expenses	4	**(37,818,974)**	(38,616,525)
Amortizations, depreciations and impairments	5	**(5,669,772)**	(5,727,585)
Other operating expenses	6	**(58,046,339)**	(55,624,389)
PROFIT/(LOSS)		**745,464**	1,571,018
Financial income and expenses	7	**(490,421)**	(744,663)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**255,043**	826,355
Income taxes	9	**(225,456)**	(330,907)
Minority Share		**114,045**	14,128
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**143,632**	509,575

BALANCE SHEET OF THE GROUP AS AT MARCH 31, 2020

	Note	Eur 2020	Eur 2019
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**7,753,774**	9,339,021
Group goodwill	10	**12,359**	23,766
Tangible assets	11	**34,191,114**	36,924,645
Investments	12	**5,131,674**	5,129,587
TOTAL NON CURRENT ASSETS		**47,088,921**	51,417,019
CURRENT ASSETS			
Inventories	14	**59,048,943**	59,310,909
Long-term receivables	15	**978,099**	1,111,838
Deferred tax receivables	19	**1,192,611**	1,424,174
Short-term receivables	16	**10,202,261**	16,859,136
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**6,541,940**	3,175,900
TOTAL CURRENT ASSETS		**77,967,412**	81,885,515
TOTAL ASSETS		**125,056,333**	133,302,534
EQUITY AND LIABILITIES			
EQUITY	**17**		
Share capital		**11,959,146**	11,959,146
Other reserves			
Reserve for invested non-restricted equity		**42,395,175**	42,395,175
Profit/(loss) from previous years		**8,326,187**	9,521,210
Profit/(loss) for the financial year		**143,632**	509,575
TOTAL EQUITY		**62,824,140**	64,385,106
GROUP RESERVE		**0**	0
MINORITY SHARE		**270,083**	404,093
LIABILITIES			
Deferred tax liabilities	18	**195,530**	257,202
Long-term liabilities	19	**11,047,638**	8,880,332
Short-term liabilities	20	**50,718,943**	59,375,801
TOTAL LIABILITIES		**61,962,111**	68,513,335
TOTAL EQUITY AND LIABILITIES		**125,056,333**	133,302,534

CASH FLOW STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Cash flow from operating activities		
Profit/(loss) before appropriations and taxes	**255,043**	826,355
Adjustments:		
Amortizations and depreciations	**5,669,772**	5,727,585
Other non-cash items	**25,446**	(595,167)
Financial income and expenses	**370,915**	745,233
Cash generated from operations before net working capital	**6,321,176**	6,704,005
Change in net working capital		
Change in non-interest-bearing receivables	**7,147,925**	2,692,075
Change in inventories	**(49,083)**	(1,865,524)
Change in non-interest-bearing liabilities	**(202,137)**	(1,645,339)
Cash generated from operations before financial items and taxes	**13,217,881**	5,885,217
Interest expenses paid and other financial expenses	**(880,958)**	(794,549)
Dividend received	**1,063**	910
Interest income received	**195,481**	224,669
Income taxes paid	**(171,376)**	(1,424,281)
Net cash flow from operating activities	**12,362,091**	3,891,966
Cash flow from investments activities		
Investments in tangible and intangible assets	**(2,287,934)**	(4,490,965)
Proceeds from sale of tangible and intangible assets	**528,884**	861,559
Investments in other investments	**0**	(22,359)
Proceeds from accounted for using the equity method	**0**	431,200
Net cash flow from investing activities	**(1,758,770)**	(3,220,565)
Cash flow from financing activities		
Proceeds from short-term borrowings	**1,441,531**	5,151,337
Repayments in short-term borrowings	**(7,895,775)**	(1,445,555)
Proceeds from long-term borrowing	**700,000**	3,300,000
Repayments in long-term borrowings	**0**	(5,044,167)
Dividends paid	**(1,234,257)**	(1,972,291)
Net cash used in financing activities	**(6,988,501)**	(10,676)
Net increase/(decrease) in cash and cash equivalents	**3,614,820**	660,725
Cash and cash equivalents at the beginning of period	**3,179,458**	2,830,398
Effects of exchange rate fluctuations on cash held	**(248,780)**	(311,665)
Cash and cash equivalents at the end of period	**6,545,498**	3,179,458
Change in Net cash & Cash Equivalents	**3,614,820**	660,725

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	Eur 2020	Eur 2019
REVENUE	**1**	**125,784,258**	124,933,022
OTHER OPERATING INCOME	**2**	**5,285,937**	5,625,939
Materials and services	3	**(49,848,020)**	(49,653,908)
Personnel expenses	4	**(29,194,049)**	(29,285,574)
Amortizations, depreciations and impairments	5	**(3,625,702)**	(3,705,591)
Other operating expenses	6	**(47,829,461)**	(45,189,940)
PROFIT/(LOSS)		**572,963**	2,723,947
Financial income and expenses	7	**(441,979)**	(438,777)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**130,985**	2,285,170
Appropriations	8	**75,579**	(375,643)
Income taxes	9	**(7,943)**	(267,504)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**198,620**	1,642,023

PARENT COMPANY BALANCE SHEET AS AT MARCH 31, 2020

	Note	Eur 2020	Eur 2919
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**7,275,775**	8,379,217
Tangible assets	11	**10,876,890**	12,385,270
Investments			
Shares of the group companies	12	**7,658,347**	7,657,147
Shares of the associated companies	12	**217,500**	217,500
Receivables from group companies	16	**11,006,844**	11,708,982
Other shares	12	**4,846,069**	4,846,069
Other receivables	12	**64,549**	64,549
TOTAL NON CURRENT ASSETS		**41,945,973**	45,258,734
CURRENT ASSETS			
Inventories	14	**46,854,318**	46,234,335
Long-term receivables	15	**13,178,049**	13,464,240
Short-term receivables	16	**10,125,614**	15,994,967
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**4,212,348**	1,558,578
TOTAL CURRENT ASSETS		**74,373,887**	77,255,678
TOTAL ASSETS		**116,319,860**	122,514,412
EQUITY AND LIABILITIES			
EQUITY	17		
Share capital		**11,959,146**	11,959,146
Reserve for invested non-restricted equity		**42,395,175**	42,395,175
Profit/(loss) from previous years		**3,558,800**	3,545,208
Profit/(loss) for the financial year		**198,620**	1,642,023
TOTAL EQUITY		**58,111,741**	59,541,551
ACCUMULATED DEPRECIATION	18	**962,414**	1,154,903
LIABILITIES			
Long-term liabilities	20	**14,105,641**	10,948,631
Short-term liabilities	21	**43,140,064**	50,869,327
TOTAL LIABILITIES		**57,245,705**	61,817,958
TOTAL EQUITY AND LIABILITIES		**116,319,860**	122,514,412

CASH FLOW STATEMENT OF THE PARENT COMPANY FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Cash flow from operating activities		
Profit/(loss) before appropriations and taxes	**130,985**	2,285,170
Adjustments:		
Amortizations and depreciations	**3,625,702**	3,705,591
(Profit)/Loss from the Sales of Non-Current Assets	**(86,268)**	(339,964)
Other non-cash items	**382,207**	(638,556)
Financial income and expenses	**59,771**	438,777
Cash generated from operations before net working capital	**4,112,397**	5,451,018
Change in working capital		
Change in non-interest-bearing receivables	**6,025,093**	3,740
Change in inventories	**(619,983)**	(1,415,664)
Change in non-interest-bearing liabilities	**(738,018)**	185,028
Cash generated from operations before financial items and taxes	**8,779,489**	4,224,122
Interest expenses paid and other financial expenses	**(698,729)**	(678,828)
Income taxes paid	**(185,342)**	(1,222,985)
Net cash flow from operating activities	**7,895,417**	2,322,309
Cash flow from investments activities		
Investments in tangible and intangible assets	**(1,719,814)**	(4,125,592)
Proceeds from sale of tangible and intangible assets	**530,762**	861,559
Investments in group companies	**(1,200)**	(1,500)
Investments in other investments	**0**	(22,359)
Proceeds from loan receivables	**436,167**	0
Proceeds from other investments	**280**	431,200
Interest received from investments	**509,981**	832,567
Dividends received from investments	**1,062**	910
Net cash flow from investing activities	**(242,762)**	(2,023,215)
Cash flow from financing activities		
Proceeds from short-term borrowings	**1,621,531**	5,151,337
Repayments of short-term borrowings	**(6,158,288)**	(1,316,157)
Proceeds from long-term borrowings	**1,892,415**	3,000,000
Repayments of long-term borrowings	**(1,120,285)**	(4,012,764)
Dividends paid	**(1,234,257)**	(1,972,291)
Net cash used in financing activities	**(4,998,885)**	850,125
Net increase/(decrease) in cash and cash equivalents	**2,653,770**	1,149,220
Cash and cash equivalents at the beginning of period	**1,562,136**	376,927
Cash received from merged companies	**0**	35,989
Cash and cash equivalents at the end of period	**4,215,906**	1,562,136
Change in Net cash & Cash Equivalents	**2,653,770**	1,185,209

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 100% 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 equity 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 from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. Exchange losses are recog- nized through profit and loss. 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 amortized 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. Significant renovations are capitalized and amortized over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company.

Intangible assets mainly include software licenses and renovation investments

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.

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 amortization and 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 ccontribution 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 values 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 prin- ciple of prudence.

Significant events during the financial year

The business developed steadily for the first eleven months. However, in March, the last month of the financial year, the business suffered from the lack of demand caused by Covid-19. The company reacted immediately to the changed situation, adjusting its costs accordingly.

The company's financial position has weakened due to the sudden drop in demand due to the Covid-19 situation. Cash and cash equivalents are still very good but will deteriorate rapidly as the situation continues. The company is finding out the most suitable additional financing methods to secure the situation. Although Covid-19 has posed short-term challenges to the company's operations, demand for the company's products and services is expected to develop positively in the longer term. In particular, in order to alleviate the situation with Covid-19, the company believes that it is strongly positioned to offer its services in the presumably growing domestic travel market.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

TURNOVER BY BUSINESS AREAS

Business area review Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Timeshare	**38,856,238**	44,734,649	**35,053,830**	39,736,773
Service sector	**72,575,418**	70,689,396	**59,900,555**	57,008,645
Renting	**7,764,814**	7,083,578	**3,896,398**	3,514,240
Real Estate Management	**5,855,386**	5,649,328	**2,981,842**	2,846,666
Villas	**23,793,221**	24,281,490	**23,719,910**	21,582,543
Other Sales	**1,719,162**	2,124,810	**231,723**	244,155
Total	**150,564,239**	154,563,252	**125,784,258**	124,933,022

The Villas turnover for current financial year includes 1,241,730 EUR (2019: 10,409,658 EUR) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

TURNOVER BY MARKET AREAS

Geographical review Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Finland	**125,996,921**	125,097,624	**125,784,258**	124,933,022
Sweden	**15,167,951**	19,893,644	**0**	0
Spain	**9,399,367**	9,571,984	**0**	0
Total	**150,564,239**	154,563,252	**125,784,258**	124,933,022

2. OTHER OPERATING INCOME

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Profit from the sales of fixed assets	**91,969**	584,358	**86,268**	339,964
Rental income	**2,006,744**	1,855,157	**1,971,372**	1,819,654
Commissions	**1,021,050**	900,383	**1,020,315**	899,669
Service income	**726,167**	667,421	**134,764**	122,645
Other income	**2,612,774**	2,019,399	**2,073,218**	1,805,451
Profit from mergers	**0**	0	**0**	638,556
Total	**6,458,704**	6,026,718	**5,285,937**	5,625,939

In Other income of the financial year 1.4.2019-31.3.2020 of the Group is included a one off item amounting to kEUR 431.

3. MATERIALS AND SERVICES

Materials and supplies Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Purchases during the financial year	**36,848,203**	48,561,652	**34,813,611**	41,980,754
Change in inventory	**3,755,452**	(2,792,738)	**2,681,965**	(3,867,007)
Total	**40,603,656**	45,768,914	**37,495,576**	38,113,747
External services	**14,140,829**	13,291,779	**12,352,444**	11,540,161
Materials and services total	**54,744,484**	59,060,693	**49,848,020**	49,653,908

During the previous financial year, the company faced challenges with the contractors executing timeshare and villas projects which resulted in additional costs of 2.9m€.

4. PERSONNEL AND MEMBERS OF THE BOARD

PERSONNEL EXPENSES

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Salaries, wages, comissions	**31,013,326**	31,722,503	**23,985,388**	24,083,117
Pension expenses	**4,517,495**	4,541,957	**4,352,466**	4,359,686
Other indirect employee expenses	**2,288,153**	2,352,066	**856,195**	842,771
Total	**37,818,974**	38,616,525	**29,194,049**	29,285,574

EXECUTIVE REMUNERATION

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Management board	**1,017,905**	908,753	**1,017,905**	908,753
Members of the board of directors	**12,000**	46,000	**12,000**	46,000
Total	**1,029,905**	954,753	**1,029,905**	954,753

The presentation of executive remuneration has changed from financial year 2018/2019: Instead of reporting the remuneration of the chief executive officers' of the group companies, we report the remuneration of the management board members. The comparison period figures have been updated accordingly. During the financial year, there has been several changes in the management board, which is the reason for the increase in remuneration compared to previous financial year.

THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Employees	**764**	781	**546**	541
Total	**764**	781	**546**	541

5. AMORTIZATIONS, DEPRECIATIONS AND IMPAIRMENTS

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Intangible assets	**642,963**	730,360	**635,300**	722,951
Goodwill	**706,561**	709,728	**242,629**	242,629
Other long-term expenses	**1,020,628**	1,025,870	**1,018,391**	1,022,839
Buildings and structures	**965,983**	967,851	**85,380**	87,884
Machinery and equipment	**2,210,040**	2,173,464	**1,537,487**	1,526,096
Other tangible assets	**112,189**	108,902	**106,514**	103,192
Total	**5,658,364**	5,716,174	**3,625,702**	3,705,591
Group goodwill	**11,408**	11,411	**0**	0
Total	**5,669,772**	5,727,585	**3,625,702**	3,705,591

6. OTHER OPERATING EXPENSES

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Voluntary employee expenses	**881,424**	762,625	**802,476**	718,250
Rents	**17,932,771**	17,235,786	**13,960,900**	13,256,000

NOTES TO THE BALANCE SHEET

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Maintenance fees	**7,280,270**	7,079,711	**6,992,133**	6,831,281
Marketing expenses	**8,231,675**	9,243,494	**7,181,288**	7,910,091
Travel and entertainment expenses	**744,591**	845,563	**718,892**	815,855
Maintenance expenses	**4,855,977**	4,935,299	**4,108,090**	4,149,077
Real estate expenses	**7,938,251**	8,080,375	**6,311,579**	6,418,445
Consulting and other services	**2,650,428**	1,299,805	**2,082,304**	675,665
Other operating expenses	**7,530,954**	6,141,732	**5,671,799**	4,415,276
Total	**58,046,339**	55,624,389	**47,829,461**	45,189,940

AUDITING FEES

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Auditing services	**237,594**	209,768	**132,561**	131,285
Tax consultancy	**24,000**	24,000	**0**	0
Other fees	**54,851**	2,552	**54,851**	2,552
Total	**316,445**	**236,321**	**187,412**	**133,837**

7. FINANCIAL INCOME AND EXPENSE

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Dividends	**1,063**	910	**1,062**	910
Other interest and financial income				
Interest income				
Group companies	**0**	0	**400,285**	390,552
Others	**191,906**	224,731	**65,258**	57,152
Financial income				
Others	**2,125,502**	2,824,762	**173,248**	293,138
Total interest and financial income	**2,318,471**	3,050,404	**639,852**	741,753
Interest expenses and other financial expenses				
Interest expenses				
Group companies	**0**	0	**143,049**	138,130
Others	**588,169**	719,025	**456,234**	547,106
Other financial expenses				
Reversal of impairment losses from financial securities	**(70,000)**	0	**(70,000)**	0
Changes in derivatives fair values	**(3,119)**	(14,178)	**(3,119)**	(14,178)
Foreign exchange loss (other items), unrealised	**2,077,842**	2,545,232	**388,289**	0
Others	**216,000**	544,988	**167,378**	509,472
Total interest expenses and other financial expenses	**2,808,892**	3,795,067	**1,081,831**	1,180,530
Financial income and expense	**(490,421)**	(744,663)	**(441,979)**	(438,777)

8. APPROPRIATIONS

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Change in accumulated depreciation	**0**	0	**192,489**	(327,643)
Group contribution	**0**	0	**(116,910)**	(48,000)
Total	**0**	0	**75,579**	(375,643)

9. INCOME TAXES

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Income taxes from operating activities	**(913)**	(321,570)	**0**	(300,756)
Income taxes, previous financial year	**8,651**	33,252	**(7,943)**	33,252
Change in deferred tax receivables	**(217,209)**	22,939	**0**	0
Change in deferred tax liabilities	**(15,987)**	(65,529)	**0**	0
Total	**(225,456)**	(330,907)	**(7,943)**	(267,504)

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP 1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost 1.4.2018	4,658,888	13,616,244	6,820,084	470,379	25,565,595
Translation difference	(191)	0	(6,676)	0	(6,867)
Additions	592,834	1,236,250	0	3	1,829,088
Deductions	0	(39,060)	0	0	(39,060)
Transfers between items	113,775	79,597	0	0	193,372
Acquisition cost 31.3.2019	**5,365,306**	**14,893,031**	**6,813,408**	**470,382**	**27,542,128**
Accumulated amortizations 1.4.2018	(3,397,169)	(7,211,800)	(4,700,391)	(435,205)	(15,744,565)
Translation difference	81	0	3,452	0	3,533
Accumulated amortizations from transfers/deductions	0	39,060	0	0	39,060
Amortizations	(726,414)	(1,029,816)	(709,728)	(11,411)	(2,477,368)
Accumulated amortizations 31.3.2019	**(4,123,502)**	**(8,202,556)**	**(5,406,666)**	**(446,616)**	**(18,179,340)**
Book value 31.3.2019	**1,241,804**	**6,690,476**	**1,406,742**	**23,766**	**9,362,787**

1.4.2019-31.3.2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost 1.4.2019	5,365,306	14,893,031	6,813,408	470,382	27,542,128
Translation difference	(1,035)	0	(36,213)	0	(37,248)
Additions	118,642	506,813	0	0	625,455
Correction of acquisition cost through profit and loss	0	(245,161)	0	0	(245,161)
Transfers between items	409,685	2,900	0	0	412,585
Acquisition cost 31.3.2020	**5,892,597**	**15,157,583**	**6,777,195**	**470,382**	**28,297,758**
Accumulated amortizations 1.4.2019	(4,123,502)	(8,202,556)	(5,406,666)	(446,616)	(18,179,340)
Translation difference	721	0	28,554	0	29,276
Amortizations	(638,673)	(1,024,919)	(706,561)	(11,408)	(2,381,561)
Accumulated amortizations 31.3.2020	**(4,761,454)**	**(9,227,475)**	**(6,084,673)**	**(458,024)**	**(20,531,625)**
Book value 31.3.2020	**1,131,143**	**5,930,109**	**692,522**	**12,359**	**7,766,133**

10. INTANGIBLE ASSETS, PARENT COMPANY

1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost 1.4.2018	4,641,430	13,574,963	2,701,524	20,917,916
Additions	592,834	1,236,250	0	1,829,085
Deductions	0	(39,060)	0	(39,060)
Transfers between items	113,775	71,957	0	185,732
Acquisition cost 31.3.2019	**5,348,039**	**14,844,110**	**2,701,524**	**22,893,672**
Accumulated amortizations 1.4.2018	(3,390,625)	(7,181,448)	(1,993,022)	(12,565,096)
Accumulated amortizations from transfers/deductions	0	39,060	0	39,060
Amortizations	(722,951)	(1,022,839)	(242,629)	(1,988,419)
Accumulated amortizations 31.3.2019	**(4,113,576)**	**(8,165,228)**	**(2,235,651)**	**(14,514,455)**
Book value 31.3.2019	**1,234,463**	**6,678,882**	**465,873**	**8,379,217**

1.4.2019-31.3.2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost 1.4.2019	5,348,039	14,844,110	2,701,524	22,893,672
Additions	118,642	506,813	0	625,455
Correction of acquisition cost through profit and loss	0	(245,161)	0	(245,161)
Transfers between items	409,685	2,900	0	412,585
Acquisition cost 31.3.2020	**5,876,365**	**15,108,662**	**2,701,524**	**23,686,551**
Accumulated amortizations 1.4.2019	(4,113,576)	(8,165,228)	(2,235,651)	(14,514,455)
Amortizations	(635,300)	(1,018,391)	(242,629)	(1,896,321)
Accumulated amortizations 31.3.2020	**(4,748,877)**	**(9,183,619)**	**(2,478,280)**	**(16,410,776)**
Book value 31.3.2020	**1,127,489**	**5,925,043**	**223,243**	**7,275,775**

11. TANGIBLE ASSETS, GROUP

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	13,148,196	21,526,521	22,530,008	3,251,482	280,169	60,736,376
Translation difference	(3,039)	(46,632)	(11,193)	0	0	(60,864)
Additions	570,511	5,150	1,317,895	80,991	687,331	2,661,878
Deductions	(521,595)	0	(27,658)	0	(1,004)	(550,257)
Transfers between items	0	11,030	131,745	0	(336,147)	(193,372)
Acquisition cost 31.3.2019	**13,194,073**	**21,496,069**	**23,940,797**	**3,332,473**	**630,350**	**62,593,762**
Accumulated amortizations 1.4.2018	(2,895,129)	(4,286,363)	(14,156,504)	(1,119,646)	0	(22,457,642)
Translation difference	0	6,989	4,095	0	0	11,084
Accumulated amortizations from transfers/ deductions	0	0	27,658	0	0	27,658
Amortizations	0	(967,850)	(2,173,464)	(108,902)	0	(3,250,216)
Accumulated amortizations 31.3.2019	**(2,895,129)**	**(5,247,224)**	**(16,298,215)**	**(1,228,548)**	**0**	**(25,669,116)**
Book value 31.3.2019	**10,298,944**	**16,248,845**	**7,642,582**	**2,103,925**	**630,350**	**36,924,645**

1.4.2019-31.3.2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2019	13,194,073	21,496,069	23,940,797	3,332,473	630,350	62,593,762
Translation difference	(16,483)	(252,930)	(67,025)	0	0	(336,437)
Additions	444,774	229,471	572,744	13,154	391,736	1,651,879
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items	0	79,930	70,424	0	(562,938)	(412,585)
Acquisition cost 31.3.2020	**13,177,590**	**21,552,541**	**24,510,670**	**3,345,627**	**453,748**	**63,040,176**
Accumulated amortizations 1.4.2019	(2,895,129)	(5,247,224)	(16,298,215)	(1,228,548)	0	(25,669,116)
Translation difference	0	62,420	39,576	0	0	101,996
Accumulated amortizations from transfers/ deductions	0	0	6,270	0	0	6,270
Amortizations	0	(965,981)	(2,210,041)	(112,189)	0	(3,288,212)
Accumulated amortizations 31.3.2020	**(2,895,129)**	**(6,150,785)**	**(18,462,411)**	**(1,340,737)**	0	**(28,849,062)**
Book value 31.3.2020	**10,282,461**	**15,401,756**	**6,048,259**	**2,004,890**	**453,748**	**34,191,114**

11. TANGIBLE ASSETS, PARENT COMPANY

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	3,416,581	2,338,680	16,791,598	3,084,863	269,139	25,900,862
Additions	570,511	0	1,219,899	80,991	425,107	2,296,508
Deductions	(521,595)	0	(27,658)	0	(1,004)	(550,257)
Transfers between items / merger	0	0	23,536	0	(209,267)	(185,732)
Acquisition cost 31.3.2019	**3,465,497**	**2,338,680**	**18,007,375**	**3,165,855**	**483,975**	**27,461,382**
Accumulated depreciations and impairments 1.4.2018	(583,298)	(515,455)	(11,195,558)	(1,092,287)	0	(13,386,598)
Accumulated depreciations from deductions and transfers	0	0	27,658	0	0	27,658
Depreciations for the financial year	0	(87,884)	(1,526,096)	(103,192)	0	(1,717,172)
Accumulated depreciations and impairments 31.3.2019	**(583,298)**	**(603,339)**	**(12,693,996)**	**(1,195,480)**	0	**(15,076,112)**
Book value 31.3.2019	**2,882,199**	**1,735,342**	**5,313,379**	**1,970,375**	**483,975**	**12,385,270**

1.4.2019-31.3.2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2019	3,465,497	2,338,680	18,007,375	3,165,855	483,975	27,461,382
Additions	444,774	0	244,013	13,154	381,819	1,083,759
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items / merger	0	0	3,979	0	(416,563)	(412,585)
Acquisition cost 31.3.2020	**3,465,497**	**2,338,680**	**18,249,097**	**3,179,009**	**443,831**	**27,676,113**
Accumulated depreciations and impairments 1.4.2019	(583,298)	(603,339)	(12,693,996)	(1,195,480)	0	(15,076,112)
Accumulated depreciations from deductions and transfers	0	0	6,270	0	0	6,270
Depreciations for the financial year	0	(85,380)	(1,537,487)	(106,514)	0	(1,729,381)
Accumulated depreciations and impairments 31.3.2020	**(583,298)**	**(688,719)**	**(14,225,213)**	**(1,301,993)**	**0**	**(16,799,224)**
Book value 31.3.2020	**2,882,199**	**1,649,961**	**4,023,884**	**1,877,015**	**443,831**	**10,876,890**

12. INVESTMENTS, GROUP

1.4.2018-31.3.2019

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2018	4,672,477	394,472	394,472	0	5,131,497
Additions	685,645	0	0	0	685,645
Business disposals	0	47,196	47,196	0	47,196
Deductions	0	(431,200)	(431,200)	0	(431,200)
Share of associated companies' results	0	10,239	10,239	0	10,239
Transfers between items	0	197,198	197,198	0	197,198
Exchange rate differences	(549)	0	0	0	(549)
Acquisition cost 31.3.2019	**5,357,573**	**217,905**	**217,905**	**0**	**5,640,027**
Accumulated impairments 1.4.2018	**(511,052)**	**0**	**0**	**0**	**(511,052)**
Exchange rate differences	**549**	**0**	**0**	**0**	**549**
Accumulated impairments 31.3.2019	**(510,504)**	**0**	**0**	**0**	**(510,504)**
Book value 31.3.2019	**4,847,069**	**217,905**	**217,905**	0	**5,129,523**

1.4.2019-31.3.2020

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2019	5,357,573	217,905	64,549	0	5,640,027
Share of associated companies' results	0	2,092	0	0	2,092
Exchange rate differences	(2,976)	0	0	0	(2,976)
Acquisition cost 31.3.2020	**5,074,597**	**219,997**	**64,549**	**0**	**5,359,143**
Accumulated impairments 1.4.2019	(510,504)	0	0	0	(510,504)
Accumulated amortizations from deductions	280,000	0	0	0	280,000
Exchange rate differences	2,976	0	0	0	2,976
Accumulated impairments 31.3.2020	**(227,528)**	0	**0**	**0**	**(227,528)**
Book value 31.3.2020	**4,847,069**	**219,997**	**64,549**	**0**	**5,131,615**

12. INVESTMENTS, PARENT COMPANY

1.4.2018-31.3.2019

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2018	9,907,938	1,527,925	4,621,269	11,838,433	18,000	103,190	28,016,756
Additions	1,500	0	685,645	0	0	0	687,145
Deductions	0	(431,200)	0	0	0	0	(431,200)
Deductions from mergers	(722,681)	0	0	0	0	0	(722,681)
Exchange rate differences	0	0	0	(129,451)	0	0	(129,451)
Acquisition cost 31.3.2019	**9,186,756**	**1,096,725**	**5,306,914**	**11,708,982**	**18,000**	**103,190**	**27,420,568**
Accumulated depreciations and impairments 1.4.2018	(1,529,608)	(879,225)	(460,845)	0	(18,000)	(38,642)	(2,926,320)
Accumulated depreciations and impairments 31.3.2019	**(1,529,608)**	**(879,225)**	**(460,845)**	**0**	**(18,000)**	**(38,642)**	**(2,926,320)**
Book value 31.3.2019	**7,657,148**	**217,500**	**4,846,069**	**11,708,982**	**0**	**64,549**	**24,494,249**

1.4.2019-31.3.2020

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2019	9,186,756	1,096,725	5,306,914	11,708,982	18,000	103,190	27,420,568
Additions	1,200	0	0	0	0	0	1,200
Deductions	0	0	(280,000)	0	0	0	(280,000)
Exchange rate differences	0	0	0	(702,139)	0	0	(702,139)
Acquisition cost 31.3.2020	**9,187,956**	**1,096,725**	**5,026,914**	**11,006,844**	**18,000**	**103,190**	**26,439,629**
Accumulated depreciations and impairments 1.4.2019	(1,529,608)	(879,225)	(460,845)	0	(18,000)	(38,642)	(2,926,320)
Cumulative impairment on disposal	0	0	280,000	0	0	0	280,000
Accumulated depreciations and impairments 31.3.2020	**(1,529,608)**	**(879,225)**	**(180,845)**	**0**	**(18,000)**	**(38,642)**	**(2,646,320)**
Book value 31.3.2020	**7,658,348**	**217,500**	**4,846,069**	**11,006,844**	**0**	**64,549**	**23,793,310**

13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
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
Holiday Club CanariasVacation Club S.L.	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 Pulkkajärvi 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

Consolidated	Domicile	Group ownership %	Parent ownership %
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 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 Mällösniemi	Sotkamo	100.00	100.00
Supermarket Capri Oy	Lappeenranta	100.00	100.00

Associated companies	Domicile	Group ownership %	Parent ownership %
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

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Materials and supplies	**861,131**	911,072	**707,765**	731,345
Timeshare	**45,011,865**	47,354,971	**33,282,269**	34,820,586
Unfinished construction projects	**2,786,220**	1,335,923	**2,559,780**	1,110,438
Other inventory	**2,843,408**	1,875,946	**2,843,408**	1,875,946
Villas apartments	**7,546,320**	7,832,997	**7,461,097**	7,696,021
Total	**59,048,943**	59,310,909	**46,854,318**	46,234,335

RECEIVABLES

15. LONG-TERM RECEIVABLES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Sales receivables	**884,495**	1,018,234	**442,318**	442,343
Loan receivables from group companies	**0**	0	**12,735,730**	13,021,897
Other receivables	**93,603**	93,603	**0**	0
Deferred tax receivable	**1,192,611**	1,424,174	**0**	0
Total	**2,170,710**	2,536,011	**13,178,049**	13,464,240

16. SHORT-TERM RECEIVABLES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Sales receivables	**6,612,446**	11,304,786	**4,110,174**	8,507,659
Receivables from group companies				
Sales receivables	**0**	0	**37,020**	29,168
Loan receivables	**0**	0	**3,104,510**	2,719,573
Accrued income	**0**	0	**821,128**	709,255
Receivables from group companies, total	**0**	0	**3,962,658**	3,457,996
Loan receivables	**103,946**	75,985	**103,946**	75,985
Accrued income	**1,935,977**	2,437,791	**1,490,016**	1,688,478
Other receivables	**1,549,891**	3,040,574	**458,820**	2,264,849
Total	**10,202,261**	16,859,136	**10,125,614**	15,994,967

RELEVANT ACCRUED INCOME AND DEFERRED EXPENSES (excluding receivables from group and associated companies)

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
Deferred expenses	**1,101,353**	1,875,116	**911,707**	1,248,529
Tax receivables	**264,461**	117,037	**156,642**	0
Social security receivables	**28,596**	54,793	**28,596**	49,276
Others	**541,568**	390,844	**393,071**	390,673
Total	**1,935,977**	**2,437,791**	**1,490,016**	**1,688,478**

17. EQUITY

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
Share capital at the end of financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**11,959,146**	11,959,146	**11,959,146**	11,959,146
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**42,395,175**	39,395,175	**42,395,175**	39,395,175
Directed share issue	**0**	3,000,000	**0**	3,000,000
Reserve for invested non-restricted equity at the end of the financial year	**42,395,175**	42,395,175	**42,395,175**	42,395,175
Profit from previous financial years at the beginning of the financial year	**10,030,785**	11,878,631	**5,187,231**	5,517,499
Paid Dividends	**(1,234,257)**	(1,972,291)	**(1,234,257)**	(1,972,291)
Change in translation differences	**(470,342)**	(385,130)	**0**	0
Reclassifications for previous financial years	**0**	0	**(394,174)**	0
Profit from previous financial years at the end of financial year	**8,326,187**	9,521,210	**3,558,800**	3,545,208
Profit for the period	**143,632**	509,575	**198,620**	1,642,023
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**50,864,994**	52,425,960	**46,152,595**	47,582,405
SHAREHOLDERS' EQUITY TOTAL	**62,824,140**	64,385,106	**58,111,741**	59,541,551

The Shareholders' equity of the Group includes EUR 782,121 31.3.2020 (EUR 946,569 31.3.2019) from appropriations and other voluntary provisions.
Reclassifications for previous financial years: the adjustment relates to an old hedging loss of a net investment in a foreign subsidiary.

CALCULATION FOR DISTRIBUTABLE FUNDS

Eur	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
Reserve for invested non-restricted equity	**42,395,175**	39,395,175
Additions	**0**	3,000,000
Profit from the previous financial years	**3,558,800**	3,545,208
Add: Profit for the period	**198,620**	1,642,023
Total	**46,152,595**	47,582,405

18. DEFERRED TAX RECEIVABLES AND LIABILITIES

Eur	**Group 31.3.2020**	Group 31.3.2019	**Parent 31.3.2020**	Parent 31.3.2019
Deferred tax receivables:				
from unused losses in taxation	**460,295**	694,553	**0**	0
from other temporary differences	**732,317**	729,620	**0**	0
Total	**1,192,611**	1,424,174	**0**	0

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Deferred tax liabilities:				
from appropriations	**195,530**	236,642	**0**	0
from other temporary differences	**0**	20,559	**0**	0
Total	**195,530**	257,202	**0**	0
Losses and other items for which no deferred taxes have been booked:				
from unused losses in taxation	**6,761,900**	6,178,157	**0**	0
from other temporary differences	**1,573,846**	1,573,846	**0**	0
Total	**8,335,746**	7,752,003	**0**	0

19. LONG-TERM LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**10,997,379**	8,793,463	**7,244,703**	4,641,669
Other long-term loans	**50,259**	86,869	**50,259**	86,869
Loans from group companies	**0**	0	**6,810,678**	6,220,094
Total	**11,047,638**	8,880,332	**14,105,641**	10,948,631

LIABILITIES MATURING LATER THAN FIVE YEARS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. SHORT-TERM LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**4,020,876**	11,620,727	**2,996,230**	9,916,023
Pension loans	**0**	400,000	**0**	400,000
Received advance payments	**11,232,116**	10,887,389	**10,433,933**	10,754,200
Accounts payable	**8,921,795**	7,042,467	**7,632,368**	5,169,980
Loans from group companies				
Accounts payable	**0**	0	**173,310**	424,041
Unsecured loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Other loans	**0**	0	**785,731**	605,731
Accrued liabilities	**0**	0	**375,379**	145,426
Total	**3,151,337**	3,151,337	**4,485,758**	4,326,536
Other loans	**6,845,961**	7,427,155	**5,494,388**	6,498,473
Accrued liabilities	**16,546,857**	18,846,725	**12,097,386**	13,804,117
Short-term liabilities, total	**50,718,943**	59,375,801	**43,140,064**	50,869,327

Holiday Club Resort Oy has two loans from it's parent company Covington S.a.r.l, amounting to EUR 3,151,337, in total. The loans are unsecured and their interest rates are 2.2% and 2.5% p.a.

RELEVANT ACCRUED LIABILITIES AND DEFERRED REVENUE (excluding receivables from group and associated companies)

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Personnel and social expenses	**6,638,922**	6,792,309	**5,824,199**	5,912,565
Accrued interests	**105,607**	331,707	**85,186**	306,284
Sales comissions	**712,780**	1,129,546	**543,892**	1,044,466
Taxes	**75**	24,495	**0**	20,756
Deferred discounts related to TS and Villas sales	**3,118,812**	3,482,025	**3,118,812**	3,482,025
Deferred revenue	**2,307,830**	2,420,329	**11,759**	193,383
Real estate tac accrual	**539,439**	521,100	**539,439**	521,100
Other*	**3,123,392**	4,145,214	**1,974,100**	2,323,537
Total	**16,546,857**	18,846,725	**12,097,386**	13,804,117

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 5.7 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain. The company has received 121 claims, out of which 77 have a ruling for the amount of 1.2 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. All the rulings been appealed and are expected to get a favourable outcome for the contracts signed after July 2012, which constitute the majority. Based on these rulings the company has made an accrual that is estimated to cover possible future liabilities. This accrual is inclued in the Other row of Accrued liabilities and deferred revenue.

COMMITMENTS AND CONTINGENT LIABILITIES

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**14,233,823**	17,735,990	**10,240,934**	12,274,266
Total	**14,233,823**	17,735,990	**10,240,934**	12,274,266
Property under mortgages	**16,100,000**	16,100,000	**6,100,000**	6,100,000
Mortgage on company assets	**28,445,638**	28,445,638	**28,445,638**	28,445,638
Pledged assets	**49,067,086**	54,321,726	**49,067,086**	54,321,726
Total	**93,612,724**	98,867,364	**83,612,724**	88,867,364

OTHER COLLATERAL FOR OWN COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Deposits, rent guarantees	**3,977,643**	3,277,896	**3,977,643**	3,277,896
Total	**3,977,643**	3,277,896	**3,977,643**	3,277,896

COLLATERAL FOR GROUP COMPANIES' LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Mortgage on company assets	**1,717,700**	1,827,274	**0**	0
Guarantees given	**3,800,000**	4,900,000	**3,800,000**	4,900,000
Pledged assets	**4,348,710**	5,534,437	**0**	0
Total	**9,866,410**	12,261,712	**3,800,000**	4,900,000

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

LEASING CONTRACT COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Due during the next financial year	**1,142,692**	951,424	**1,059,278**	833,773
Due thereafter	**1,340,991**	836,322	**1,233,018**	553,074
Total	**2,483,683**	1,787,746	**2,292,296**	1,386,847

RENTAL COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Due during the next financial year	**16,445,604**	15,822,575	**12,733,994**	12,147,371
Due thereafter	**211,816,051**	221,464,339	**195,609,551**	201,668,060
Total	**228,261,656**	237,286,914	**208,343,545**	213,815,431

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Investing commitments	**1,996,780**	3,771,929	**1,996,780**	3,771,929
Responsibility to review tax deductions related to real estate investments	**3,185,062**	3,818,952	**2,034,474**	2,361,738
Purchase and sales commitments	**9,654,491**	11,188,125	**9,062,485**	9,397,000
Other liabilities and guarantees	**3,617,330**	3,879,493	**3,617,330**	3,879,493
Derivative contracts				
Fair value	**0**	(116,696)	**0**	(116,696)
Nominal value	**0**	15,132,348	**0**	15,132,348

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.

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 equals the lease obligation of 12 months.

Derivative contracts

The interest rate swaps valid at the end of the previous financial year have ended 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. For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100% buyback commitment is applied.

RELATED PARTY TRANSACTIONS

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
MHR Holdings Mauritius Ltd. (Parent company of Covington S.a.r.l.)				
Financial income	**65,145**	0	**65,145**	0
Financial expenses	**0**	115,575	**0**	115,575
Accrued expenses	**0**	173,648	**0**	173,648
Received Guarantee	**0**	420,000	**0**	420,000
Covington S.a.r.l. (parent company of Holiday Club Resorts Oy)				
Interest expenses	**65,615**	74,751	**65,615**	74,751
Interest liabilities	**52,448**	89,272	**52,448**	89,272
Loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Subsidiaries				
Sales of Services / Materials	**0**	0	**401,174**	433,230
Purchases of Services / Materials	**0**	0	**529,808**	622,092
Rental income	**0**	0	**29,136**	28,891
Rent expenses	**0**	0	**847,056**	899,806
Interest income	**0**	0	**400,285**	390,552
Interest expenses	**0**	0	**143,049**	138,130
Associated companies				
Interest expenses	**23,691**	26,930	**23,691**	26,930
Key persons (community or parent company), management/board				
Purchases of Services / Materials	**0**	4,000	**0**	4,000

DATE AND SIGNATURES

Signatures of the financial statements and annual report

Helsinki, 27th April 2020

Arunkumar Nanda
Chairman of the Board

Kavinder Singh
Member of the Board

Eero Suomela
Member of the Board

Sridar Iyengar
Member of the Board

Maisa Romanainen
CEO

AUDITOR'S NOTE

Auditor's report has been issued today.

Helsinki, 27th April 2020

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 March 31, 2020. 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 Directors 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 Directors 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 Directors 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 Directors 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 Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors 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 Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki April 27, 2020

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Other operative expenses	**(1,829.99)**	(1,575.53)
PROFIT/(LOSS)	**(1,829.99)**	(1,575.53)
Dividend income	**49,820.75**	83,648.00
Interest expenses	**0.00**	0.00
PROFIT/(LOSS) BEFORE TAXES	**47,990.76**	82,072.47
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**47,990.76**	82,072.47

BALANCE SHEET AS AT MARCH 31, 2020

	Eur 2020	Eur 2019
ASSETS		
NON-CURRENT ASSETS		
Investments		
Other shares	**2,094,675.20**	2,094,675.20
TOTAL FOR NON-CURRENT ASSETS	**2,094,675.20**	2,094,675.20
CURRENT ASSETS		
Cash and cash equivalents	**175,092.61**	125,601.85
TOTAL FOR CURRENT ASSETS	**175,092.61**	125,601.85
TOTAL ASSETS	**2,269,767.81**	2,220,277.05
Liabilities		
SHAREHOLDERS' EQUITY		
Share Capital	**2,500.00**	2,500.00
Reserve for invested non-restricted equity	**1,833,300.00**	1,833,300.00
Retained earnings	**384,477.05**	302,404.58
Profit (loss) for the period	**47,990.76**	82,072.47
TOTAL FOR SHAREHOLDERS' EQUITY	**2,268,267.81**	2,220,277.05
LIABILITIES		
Long Term Liabilities	**0.00**	0.00
Short Term Liabilities	**1,500.00**	0.00
TOTAL FOR LIABILITIES	**1,500.00**	0.00
TOTAL LIABILITIES	**2,269,767.81**	2,220,277.05

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Operative Cash Flow		
Cash paid to suppliers and employees	**(1,829.99)**	(1,575.53)
Operative Cashflow before financing items and taxes	**(329.99)**	(1,575.53)
Paid interest and other payments related to financing activities	**0.00**	0.00
Dividends received	**49,820.75**	83,648.00
Operative Cash Flow	**49,490.76**	82,072.47
Financing Cash Flow		
Proceeds from issuance of Equity	**0.00**	0.00
Withdrawals of Long Term Loans	**0.00**	0.00
Re-payments of Long Term Loans	**0.00**	0.00
Financing Cash Flow	**0.00**	0.00
Net increase/decrease in cash and cash equivalents	**49,490.76**	82,072.47
Cash and cash equivalents at the beginning of the period	**125,601.85**	43,529.38
Cash and cash equivalents at the end of the period	**175,092.61**	125,601.85

NOTES TO THE ACCOUNTS

NON CURRENT ASSETS

INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2019	2,094,675.20	2,094,675.20
Acquisition Cost 31.3.2020	**2,094,675.20**	**2,094,675.20**
Book value 31.3.2020	**2,094,675.20**	**2,094,675.20**

HCR Management Oy owns 4.04 % of the shares of Holiday Club Resorts Oy.

SHAREHOLDERS’ EQUITY

	Eur 31.3.2020
RESTRICTED SHAREHOLDERS’ EQUITY	
Share Capital 31.3.2019	**2,500.00**
Share Capital 31.3.2020	**2,500.00**
RESTRICTED SHAREHOLDERS’ EQUITY TOTAL	**2,500.00**
NON-RESTRICTED SHAREHOLDERS’ EQUITY	
Reserve for Invested non-restricted equity 31.3.2019	**1,833,300.00**
Proceeds from issuance of Equity	**0.00**
Reserve for Invested non-restricted equity 31.3.2020	**1,833,300.00**
Retained earnings 31.3.2019	**384,477.05**
Dividends	**0.00**
Retained earnings 31.3.2020	**384,477.05**
Profit for the period	**47,990.76**
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,265,767.81**
SHAREHOLDERS' EQUITY TOTAL	**2,268,267.81**

CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur 31.3.2020
Reserve for invested non-restricted equity	**1,833,300.00**
Retained earnings	**384,477.05**
Profit for the period	**47,990.76**
Total	**2,265,767.81**

SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
Total	**124,320**	**2,500.00**

SHORT TERM LIABILITIES

	Eur 31.3.2020	Eur 31.3.2019
Bank Loans	**0.00**	0.00
Accrued interest	**0.00**	0.00
Total	**0.00**	0.00

OTHER NOTES

COLLATERALS GIVEN

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur 31.3.2020	Eur 31.3.2019
Other Loans	**0.00**	0.00
Total	**0.00**	0.00
Pledged assets	**0.00**	0.00
Total	**0.00**	0.00

Effects of Corona virus (Covid-19) to HCR Management's business

The Board of HCR Management Oy has estimated the effects of Corona virus to company's business and market enviroment.
So far virus epidemic has not effected significantly to company's business.
The Board and management of the company will follow the status of virus epidemic and update the estimated effects to company's business and market environment.

Signing of the annual report and the board of director's report.

Helsinki, April 27, 2020

Arunkumar Nanda
Chairman of the Board

Akhila Balachandar
Member of the Board

Nina Norberg
Member of the Board, CEO

APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

Helsinki, April 27, 2020

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 April 1, 2019 to March 31, 2020.

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 March 31, 2020 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 and the Managing Director

The Board of Directors 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 Directors 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 Directors 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 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. 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 Sweden AB for the financial year April 1, 2019 to March 31, 2020 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 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 and the Managing Director

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. The Managing Director shall manage the ongoing administration according to the Board of Directors' 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 Directors 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. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Östersund, April 21, 2020

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.

Multi-year review kSEK

	2019/20 kSEK	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK
Net sales	**32,974**	41,006	33,478	64,080
Profit/(Loss) after financial items	**(4,373)**	(10,171)	(4,044)	6,709
Equity/assets ratio	**63.8 %**	62.2 %	62.3 %	62.4 %

Changes in equity

	Share capital	**Retained earnings**	**Net profit/loss for the year**	**Total**
Amount at beginning of year according to adopted balance sheet	100 kSEK	141,188 kSEK	(10,171) kSEK	131,117 kSEK
Appropriation of profits as resolved by the AGM	0	0	0	0
To be carried forward	0	(10,171) kSEK	10,171 kSEK	0
Profit/(Loss) for the year	0	0	(4,373) kSEK	(4,373) kSEK
Amount at year-end	100 kSEK	131,016 kSEK	(4,373) kSEK	126,743 kSEK

Shareholders contribution

The shareholders have left shareholder contributions totaling 121,750 kSEK.

Proposed Appropriation of Profits

	kSEK
The following profits are at the disposal of the Annual General Meeting:	
Profit/(Loss) brought forward	**131,016**
Profit/(Loss) for the year	**(4,373)**
Total	**126,643**

The Board of Directors proposes that the available profits be appropriated as follows:

Profit/(Loss) brought forward	**126,643**
Total	**126,643**

When comparing net sales in 2018 and 2019, sales have decreased significantly this year. This is mainly due to the fact that 12 new TS apartments were completed in 2018, which meant that in 2018 there was a larger apartment stock to sell off. As a result, TS sales have decreased by approximately SEK 12.6 million when compared. Another reason for the drop in revenue is the outbreak of Covid-19 and the fact that guests cancelled their trips to Åre. Sales of TS apartments are estimated to have been affected by a drop of approximately 500KSEK in March. On the other hand, the part relating to renting is not considered to have been affected at all by Covid-19 when the company maintained its ordinary cancellation rules.

The decrease in other operating income in 2019 compared to 2018 is due to the sale of House 8 to Brf Åre Sjö 9, which took place in December 2018, where HCS was the developer and managed the contract.

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Operating income, changes in inventory, etc.			
Net sales		**32,974**	41,006
Other operating income		**6,151**	21,840
Total operating income, changes in inventory, etc.		**39,126**	62,846
Operating expenses			
Raw materials and consumables		**(18,681)**	(51,637)
Other external expenses		**(16,390)**	(17,687)
Personnel costs	2	**(8,750)**	(9,680)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(127)**	(125)
Total operating expenses		**(43,947)**	(79,130)
Operating Profit/(Loss)		**(4,822)**	(16,284)
Financial items			
Share of profits from interests in associates		**0**	4,825
Other interest income and similar profit/loss items	3	**5,433**	4,833
Interest and similar expenses	4	**(4,985)**	(3,544)
Total financial items		**448**	6,113
Profit/(Loss) after financial items		**(4,373)**	(10,171)
Profit/(Loss) before tax		**(4,373)**	(10,171)
Profit/(Loss) for the year		**(4,373)**	(10,171)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	**2020 kSEK**	2019 kSEK
Non-current assets			
Property, plant and equipment			
Land and buildings	5	**4,170**	4,281
Equipment and tools	6	**49**	65
Current new developements	7	**2,505**	2,345
Total property, plant and equipment		**6,724**	6,691
Financial non-current assets			
Participations in Group companies	8.9	**9,279**	9,347
Receivables from Group companies	10	**126,342**	114,045
Other non-current receivables		**0**	5
Total financial assets		**135,621**	123,397
Total non-current assets		**142,346**	130,088
Current assets			
Inventories			
Raw materials and consumables		**46,702**	56,926
Other inventory assets		**0**	0
Total inventories		**46,702**	56,926
Current receivables			
Trade receivables		**926**	4,018
Receivables from Group companies		**3,627**	15,077
Other receivables		**1,703**	1,650
Prepaid expenses and accrued income		**381**	364
Total current receivables		**6,638**	21,109
Cash and bank balances			
Cash and bank balances		**2,886**	2,621
Total cash and bank balances		**2,886**	2,621
Total current assets		**56,226**	80,656
Total assets		**198,572**	210,743

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 1,000 shares		**100**	100
Total restricted equity		**100**	100
Non-restricted equity			
Profit/(Loss) brought forward		**131,016**	141,187
Profit/(Loss) for the year		**(4,373)**	(10,171)
Total Non-restricted equity		**126,643**	131,016
Total equity		**126,743**	131,116
Non-current liabilities	11		
Liabilities to Group companies		**67,912**	73,098
Other liabilities		**0**	0
Total non-current liabilities		**67,912**	73,098
Current liabilities			
Advances from customers			
Trade creditors		**614**	905
Liabilities to Group companies		**26**	1,018
Other liabilities		**1,238**	826
Accrued expenses and deferred income		**2,040**	3,780
Total current liabilities		**3,917**	6,529
Total equity and liabilities		**198,572**	210,743

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.

Note 2 Personnel

	2020	2019
Average number of employees	**17**	19

Note 3 Other interest income and similar profit/loss items

	2020 kSEK	2019 kSEK
Of which from Group companies	**5,433**	4,831

Note 4 Interest expense and similar profit/loss items

	2020 kSEK	2019 kSEK
Of which from Group companies	**3,618**	3,352

Note 5 Land and buildings

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**5,571**	5,571
Sales	**0**	0
Closing cost of acquisition	**5,571**	5,571
Opening depreciation/amortisation	**(1,290)**	(1,179)
- Depreciation for the year	**(111)**	(111)
Closing depreciation	**(1,400)**	(1,290)
Closing depreciation	**(1,400)**	(1,290)
Carrying amount	**4,170**	4,281

Note 6 Equipment and tools

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**80**	0
Purchase	**0**	80
Closing cost of acquisition	**80**	80
Opening depreciation/amortisation	**(15)**	0
- Depreciation for the year	**(16)**	(15)
Closing depreciation	**(31)**	(15)
Carrying amount	**49**	65

Note 7 Current new developements

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**2,345**	0
Purchase	**160**	2,345
Sales	**0**	0
	2,505	2,345
- Depreciation for the year	**0**	**0**
Closing depreciation	**0**	**0**
Carrying amount	**2,505**	**2,345**

Note 8 Participations in Group companies

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**9,347**	9,347
- Purchases	**32**	50
- Sales	**(100)**	0
Carrying amount	**9,279**	9,397

Note 9 Specification participations in Group companies

	2020 kSEK	2019 kSEK
Name	**Equity kSEK**	Net profit/(loss) kSEK
Ownership Service AB 556676-0327 Åre	**1,974**	(8)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	**1,478**	(3,155)
HC Canarias Investment S.L B-76081603 Las Palmas	**21**	(20)
HC Canarias Resort Management S.L B-76081629 Las Palmas	**45,494**	5,969
HC Sport and Spahotels AB 559032-5733 Åre	**2,831**	(1,754)
Åre Villa 1 AB 556996-2177 Åre	**0**	0
Åre Villa 2 AB 556996-2250 Åre	**0**	0
Åre Villa 3 AB 559137-7659 Åre	**4,609**	(2)
Total	**56,406**	1,029

Name	**Number of shares**	**Share of equity, %**	**Carrying amount, 31 Mar 2019 SEK**
Ownership Service AB	**1,000**	**100**	**100**
HC Canarias Sales & Marketing	**1**	**100**	**9**
HC Canarias Resort Management	**1**	**100**	**9**
HC Canarias Investment	**1**	**100**	**110**
Holiday Club Sport and Spa Hotels AB	**510,000**	**51**	**9,000**
Åre Villa 1 AB	**0**	**0**	**0**
Åre Villa 2 AB	**0**	**0**	**0**
Åre Villa 3 AB	**50,000**	**100**	**50**
			9,279

Note 10 Receivables from Group companies

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**114,045**	122,568
Deductible receivables	**18,934**	3,459
- Deductible receivables	**(6,637)**	(11,982)
- Reclassification	**0**	0
Carrying amount	**126,342**	114,045

Note 11 Non-current liabilities

	2020 kSEK	2019 kSEK
Non-current liabilities maturing more than five years after the balance sheet date:		
Liabilities to Group companies	**67,912**	73,098
Total	**67,912**	73,098

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

	2020 kSEK	2019 kSEK
Mortgages	**0**	0
Guarantee commitments subsidiary	**6,820**	51,218
Other pledged assets	**45,660**	342,909
Total pledged assets	**52,480**	394,127

Note 14 Significant events after the financial year

The company has taken into account the impact of the effect of the Covid-19 outbreak on the company´s future development and risks that may affect financial reporting going forward.

The assesment has concluded that the company will be significantly affected until the summer with the cancellations made due to Covid-19. An estimate is that the company will loose 2-3 KSEK during April-June. The company thinks that the summer after all will generate some revenue when hopefully Swedish people will have their holiday in Sweden this year.

The liquidity of the company is assessed as good and a decicion has been made that deferral of taxes and fees is not currently necessary. Liquidity forecasts are already being prepared on an ongoing basis today but will be monitored more frequently in the future. The measure taken to counteract the effects of Covid-19 consists in the short-term lay-off of all staff from April 1.

The company will also make use of the possibility of a reduction in employer's contributions for March-June.

Stockholm 2020-04-21

Tapio Anttila
CEO

Marko Hiltunen

Maisa Romanainen

Our auditor's report has been submitted 2020-04-21

Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
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 April 1, 2019 to March 31, 2020.

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 March 31, 2020 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. 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 April 1, 2019 to March 31, 2020 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 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. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Östersund, April 21, 2020

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.

MULTI-YEAR REVIEW kSEK

	2019/20 kSEK	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK
Balance sheet total, kSEK	**8,399**	12,689	11,203	9,908
Equity/assets ratio	**23.5%**	15.6%	18.0%	20.6 %

CHANGES IN EQUITY

	Share capital	Profit/ loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	100,000 SEK	1,914,707 SEK	(32,681 SEK)	1,982,026 SEK
Appropriation of profits as resolved by the AGM				
To be carried forward	0	(32,681 SEK)	32,681 SEK	0
Profit/loss for the year	0	0	(8,477 SEK)	(8,477 SEK)
Balance at year-end	100,000 SEK	1,882,026 SEK	(8,477 SEK)	1,973,549 SEK

PROPOSED APPROPRIATION OF PROFITS

	SEK
The following profits are at the disposal of the Annual General Meeting:	
Profit bought forward	1,882,026
Profit/(Loss) for the year	(8,477)
Total	1,873,549
The Board of Directors proposes that the available profits be appropriated as follows:	
Profit/(Loss) brought forward	1,873,549
Total	1,873,549

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Operating expenses			
Other external expenses		**(8,477)**	(32,681)
Total operating expenses		**(8,477)**	(32,681)
Operating Profit/(Loss)		**(8,477)**	(32,681)
Financial items			
Other interest income and similar Profit/(Loss) items		**0**	0
Total financial items		**0**	0
Profit/(Loss) after financial items		**(8,477)**	(32,681)
Profit/(Loss) before tax		**(8,477)**	(32,681)
Profit/(Loss) for the year		**(8,477)**	(32,681)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Assets			
Current assets			
Current receivables			
Trade receivables		**1,638,093**	1,398,639
Receivables from Group comp.		**2,372,954**	2,372,954
Total current receivables		**4,011,047**	3,771,593
Cash and bank balances			
Cash and bank balances		**4,387,906**	8,917,816
Total cash and bank balances		**4,387,906**	8,917,816
Total current assets		**8,398,953**	12,689,409
Total assets		**8,398,953**	12,689,409
Equity and liabilities			
Equity			
Restricted equity			
Share capital		**100,000**	100,000
Total restricted equity		**100,000**	100,000
Non-restricted equity			
Profit brought forward		**1,882,026**	1,914,707
Profit/(Loss) for the year		**(8,477)**	(32,681)
Total Non-restricted equity		**1,873,549**	1,882,026
Total equity		**1,973,549**	1,982,026
Current liabilities			
Other liabilities		**6,410,184**	10,687,082
Accrued Expenses and Deferred Income		**15,220**	20,301
Total current liabilities		**6,425,404**	10,707,383
Total equity and liabilities		**8,398,953**	12,689,409

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 Significant events after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak on the company's future development and risks that may affect financial reporting going forward. In this assessment, it has been concluded that the impact on the company is limited.

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 2020-04-21

Åre 2020-04-21

Tapio Anttila

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst

Authorized Public Accountant

REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED 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 March 31, 2020, and the Income statement and the related explanatory notes, all in abbreviated format, thereto for the year then ended.

In our opinion, the accompanying abbreviated financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2020 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 1,217,642 euros, and "Short term debts with Group and Associated Companies", amounting to 1,225,241 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.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company's Director, 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 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Directors’ responsibilities

The Director is 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 is 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 intends 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 Skepticism 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.
- We conclude on whether the use, by the Director, 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 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, 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)

Canaria, on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSET	Notes	(Euros) 2020	(Euros) 2019
A) NON CURRENT ASSET			
IV. Long-Term investments in group companies and associates	**5**	**6,203**	6,203
TOTAL A		**6,203**	6,203
B) CURRENT ASSETS			
III. Trade and other receivables	**5**	**764**	744
3. Other Debtors		**764**	744
IV. Short-term investments in Group, Multigroup and Associate companies	**5-10**	**1,217,642**	952,858
VII. Cash and equivalent liquid assets	**5**	**3,003**	881
TOTAL B		**1,221,410**	954,483
TOTAL ASSET (A + B)		**1,227,613**	960,686

TOTAL EQUITY AND LIABILITIES	Notes	**(Euros) 2020**	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**2,354**	718
I. Capital	**7**	**3,100**	3,100
1. Share Capital		**3,100**	3,100
III. Reserves		**1,901**	1,901
V. Profit & loss from previous periods		**(11,316)**	(9,165)
VI. Partner Contributions		**10,033**	7,033
VII. Result for the period (losses)	**3**	**(1,363)**	(2,150)
TOTAL A		**2,354**	718
C) CURRENT LIABILITIES			
IV. Short term debts with Group and Associated Companies	**6-10**	**1,225,241**	959,460
V. Trade Creditors and other Accounts payable	**6**	**17**	508
2. Sundry Creditors		**17**	508
TOTAL C		**1,225,258**	959,968
TOTAL EQUITY AND LIABILITIES (A + C)		**1,227,613**	960,686

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

CONCEPTS	Notes	(Euros) 2020	(Euros) 2019
7. Other operating expenses	9	**(1,817)**	(2,867)
13. Other results		**(1)**	0
A.1) OPERATING INCOME (LOSS)		**(1,818)**	(2,867)
A.3) PROFIT BEFORE TAXES (LOSS)		**(1,818)**	(2,867)
19. Corporate income Tax	8	**454**	717
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(1,363)**	(2,150)

2019 / 2020 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 9th 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, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1 to September 30 was changed. However, in February the 1st 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 to March 31 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 Canarias 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 Consolidates 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.

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 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, 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

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17 and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remains working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	**Affected by ERTE**	**Salaries**	**Social Security**	**Total**
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	216	**46**	262

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.

- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.

- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.

- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.

- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.

- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2020 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 2018/19.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros **Distribution Balance**	**2020**	2019
Financial period Losses	**(1,363)**	(2,150)
Total	**(1,363)**	(2,150)
Distribution		
Losses accumulated from previous Financial Periods	**(1,363)**	(2,150)
Total	**(1,363)**	(2,150)

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. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27, of Corporate Tax. 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.

4.3. 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.

4.4. 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:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**1,217,815**	953,030
Liquid Assets	**–**	–	**–**	–	**3,003**	881
Totals	**–**	–	**–**	–	**1,220,818**	953,912

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 1,217,642 Euros and debtors for the amount of 173 Euros

5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2020 is detailed below:

1) Name: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: its 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 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros
- Reserves: 5,396,060 Euros
- Grants: 179,928 Euros
- Losses from previous periods: (5,160,185) Euros
- Result for the period (losses): (114,474) Euros

Value of participation:

- theoretical value: 304,429
- book value: 3,100 Euros

2) Name: HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it 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 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros
- Reserves: 3,806,346 Euros
- Losses from previous periods: (236,134) Euros
- Result for the period (profit): 452,792 Euros

Value of participation:

- theoretical value: 4,026,104 Euros
- book value: 3,100 Euros

3) Name: HOLIDAY CLUB CANARIAS VACATION CLUB, SLL

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: its main activity is touristic accommodation and other short-term accommodation

Percentage of direct participation: 100%

Figures of the balance 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,000 Euros
- Reserves: 600 Euros
- Losses from previous periods: (2,512) Euros
- Result for the period (profit): 516,472 Euros

Value of participation:

- theoretical value: 517,560 Euros
- book value: 3 Euros

b) There are no movements during 2019/20 in equity instruments in companies of the Group and associated. In the financial period 2018/19 all the Passeport Sante SLU shares have been acquired for the amount of 3 Euros.

6. FINANCIAL LIABILITIES

6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**1,225,241**	959,460
Totals	**–**	–	**–**	–	**1,225,241**	959,460

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 1,225,241 Euros.

7. EQUITY

7.1. The Share Capital comes to 3,100 Euros, divided into thirty-one shares at face value of 100 Euros 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 27th 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., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

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 1,363 Euros.

A deferred tax asset has been recognized on negative tax bases for the financial period 2019/20 for the amount of 454 Euros which is the 25% of the negative tax base of 1,818 Euros.

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 2019/2020, 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 2019/2020, 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:

Euros	**2020**	2019
Professional services	**748**	1,798
Local Tax	**1,069**	1,069
Totals	**1,817**	2,867

10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2020 and 2019 with related companies are as follows:

Euros	**2020**		2019	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**1,225,241**	–	959,460
Holiday Club Canarias Resort Management, SLU	**1,045,485**	**–**	952,858	–
Holiday Club Canarias Vacation Club, SL	**172,157**	**–**	–	–
Totals	**1,217,642**	**1,225,241**	952,858	959,460

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 breakdowns are included in this report.

Mogán, April 20, 2020

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

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 March 31, 2020, 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 March 31, 2020 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 7.36 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 repossessed. 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 121 customer claims, which request the nullity of the contract and an economic compensation for a total amount of 5.7 million euros. As of the date of issuance of this report 25 cases have been closed and there have been 85 judgment decisions, mostly against the Entity, which condemn it to the payment around 1.2 million euros. The Entity has estimated a risk amount of 554,838 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.

COVID19

As indicated in note 2.2 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company's Director, 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 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Directors' responsibilities

The Director is 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 is 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 intends 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 skepticism 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.
- We conclude on whether the use, by the Director, 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 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, 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)

Canaria,
on April 20th 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS	Notes	(Euros) 2020	(Euros) 2019
A) NON-CURRENT ASSETS			
I. Intangible Assets	**5**	**1,089,863**	1,274,953
4. Goodwill		**1,084,797**	1,265,596
5. IT applications		**5,066**	9,357
II. Fixed Assets	**6**	**1,461,159**	1,869,489
1. Property and Buildings		**272,920**	405,278
2. Technical Facilities and other Fixed Assets		**1,178,321**	1,427,826
3. Advances and fixed assets in progress		**9,918**	36,385
V. Long-term financial investments	**7**	**366,165**	218,833
5. Other financial assets		**366,165**	218,833
VI. Deferred Tax Assets	**12**	**50,382**	59,506
TOTAL A		**2,967,569**	3,422,781
B) LIQUID ASSETS			
II. Inventories	**10**	**7,360,319**	7,296,153
1. Commercial inventories		**7,358,120**	7,284,923
6. Advance payments to suppliers		**2,199**	11,230
III. Commercial debtors and other accounts receivables		**1,359,622**	1,534,214
1. Trade receivables	**7**	**1,282,528**	1,455,759
a) Trade receivables/long term		**442,177**	575,891
b) Trade receivables/short term		**840,351**	879,868
4. Personnel	**7**	**1,172**	14,912
6. Other receivables from Public Administrations		**75,923**	63,543
IV. Short-term Investments in affiliated group and associated companies	**7-18**	**2,074,138**	1,573,199
2. Loans to companies		**2,074,138**	1,573,199
V. Short-term financial investments	**7**	**0**	241,089
5. Other financial assets		**0**	241,089
VI. Short-term accruals	**7**	**1,657,219**	1,561,598
VII. Cash and other equivalent liquid assets	**7**	**89,513**	128,846
1. Liquid assets		**89,513**	128,846
TOTAL B		**12,540,810**	12,335,098
TOTAL ASSETS (A + B)		**15,508,379**	15,757,879

BALANCE SHEET AS AT MARCH 31, 2020

NET WORTH AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**124,501**	238,976
I. Capital	**9**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves	**9**	**5,396,060**	5,396,060
1. Legal and statutory		**3,100**	3,100
2. Other reserves		**5,392,960**	5,392,960
V. Profit & Loss from previous Periods		**(5,160,185)**	(4,962,258)
2. (Losses from previous Periods)		**(5,160,185)**	(4,962,258)
VII. Losses for the period	**3**	**(114,474)**	(197,927)
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	**16**	**179,928**	238,283
TOTAL A		**304,429**	477,259
B) NON CURRENT LIABILITIES			
I. Long-term provisions	**14**	**554,838**	344,882
4. Other provisions		**554,838**	344,882
III. Long-term debts with Group and associated Companies	**8-18**	**10,517,834**	10,967,834
IV. Deferred Tax liabilities	**12-16**	**145,891**	79,427
TOTAL B		**11,218,562**	11,392,144
C) CURRENT LIABILITIES			
II. Short-term provisions	**14**	**76,341**	188,296
III. Short-term debts	**8**	**5,764**	5,502
5. Other financial liabilities		**5,764**	5,502
IV. Short-term debts with Group and associated Companies.	**8-18**	**3,716,408**	3,552,564
V. Trade Creditors and other Accounts payable		**186,874**	142,114
1. Suppliers	**8-21**	**0**	207
3. Sundry Creditors	**8-21**	**109,864**	89,952
4. Staff (salaries pending payment)	**8**	**7,578**	2,590
6. Other debts with Public Administrations		**69,432**	49,365
TOTAL C		**3,985,388**	3,888,477
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**15,508,379**	15,757,879

PROFT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CONTINUING OPERATIONS			
1. Turnover	**20**	**5,555,029**	6,804,440
a) Sales		**2,184,886**	2,451,199
b) Services rendered		**3,370,143**	4,353,241
2. Variation in inventories of products finished and being manufactured	**10**	**84,374**	165,220
3. Work carried out by the company for assets		**10,679**	0
4. Supplies	**13**	**(245,007)**	(277,712)
a) Consumption of merchandise		**(245,007)**	(277,712)
5. Other operations income		**1,991**	1,989
a) Accessory income and other current operations		**1,991**	1,989
6. Personnel expenses		**(1,302,481)**	(1,870,654)
a) Wages, salaries and similar		**(1,007,596)**	(1,474,599)
b) Social Security contributions	**13**	**(294,885)**	(396,055)
7. Other operating expenses		**(3,251,277)**	(4,165,162)
a) Outsourced services	**13**	**(3,174,635)**	(4,173,614)
b) Taxes		**(2,227)**	(13,560)
c) Losses, impairment and variation of supplies from trade operations	**13**	**(68,779)**	29,336
d) Other current operating expenses		**(5,637)**	(7,324)
8. Depreciation of fixed assets	**5-6**	**(695,109)**	(679,536)
10. Allocation of subsidies for non-financial fixed assets and others	**16**	**77,807**	77,807
13. Other incomes and expenses	**13**	**(321,691)**	(151,829)
A.1.) Operating Income (LOSS)		**(85,686)**	(95,436)
14. Financial Incomes	**7**	**90,548**	145,936
b) Trade securities and other equity instruments		**90,548**	145,936
b 2) Third Parties		**90,548**	145,936
15. Financial expenses	**8**	**(276,082)**	(288,480)
a) For debts with group and associated Companies	**18**	**(275,309)**	(282,445)
b) Debts with Third Parties		**(772)**	(6,034)
17. Exchange differences		**(14,053)**	(19,893)
A.2) FINANCIAL PROFIT & (LOSS)		**(199,587)**	(162,436)
A.3) PROFIT BEFORE TAXES (LOSS)		**(285,273)**	(257,872)
19. Corporate Income Tax	**12**	**170,798**	59,946
A.5) PROFIT & (LOSS) IN THE PERIOD		**(114,474)**	(197,927)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) STATEMENT OF RECOGNISED PROFIT AND (LOSS)			
A) PROFIT AND LOSS ACCOUNTS	**3**	**(114,474)**	(197,927)
B) INCOME AND EXPENSES CHANGED DIRECTLY TO EQUITY	**16**	**0**	(52,486)
III. Grants, donations and legacies received		**0**	(69,982)
IX. Tax effect		**0**	17,495
C) TRANSFERS TO PROFIT & LOSS ACCOUNT	**16**	**(58,355)**	(58,355)
VIII. Grants, donations and legacies received		**(77,807)**	(77,807)
IX. Tax effect		**19,452**	19,452
TOTAL RECOGNISED PROFIT & (LOSS) (A+B+C)		**(172,829)**	(308,768)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2020 (euros)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B) TOTAL STATEMENT OF CHANGES TO EQUITY						
A. BALANCE AT YEAR'S END 2018/19	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027
B. ADJUSTED BALANCE YEAR'S BEGINNING 2018/19	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
C. BALANCE AT YEAR'S END 2018/19	3,100	5,396,060	(4,962,258)	(197,927)	238,283	477,259
D. ADJUSTED BALANCE, BEGINNING OF YEAR 2019/20	**3,100**	**5,396,060**	**(4,962,258)**	**(197,927)**	**238,283**	**477,259**
I. Total recognised incomes and expenses	0	0	0	(114,474)	(58,355)	(172,829)
III. Other changes to Equity	0	0	(197,927)	197,927	0	0
E. BALANCE AT YEAR'S END 2019/20	**3,100**	**5,396,060**	**(5,160,185)**	**(114,474)**	**179,928**	**304,429**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. PROFIT & LOSS BEFORE TAX		**(285,273)**	(257,872)
2. ADJUSTMENTS TO PROFIT & LOSS		**969,615**	414,546
a) Depreciation of Fixed Assets	**5-6**	**695,109**	679,536
b) Value corrections of impairment losses	**13**	**68,779**	(29,336)
c) Change to provisions	**14**	**98,000**	(300,390)
d) Allocation of grants	**16**	**(77,807)**	(77,807)
g) Financial Income	**7**	**(90,548)**	(145,936)
h) Financial Expenses	**8**	**276,082**	288,480
3. CHANGES IN WORKING CAPITAL		**(9,214)**	438,168
a) Inventories		**(64,166)**	(180,006)
b) Trade and other accounts receivable		**105,813**	1,069,058
c) Other current assets		**(95,621)**	(205,395)
d) Creditors and other accounts payable		**44,760**	(245,490)
4. OTHER CASH FLOW FROM OPERATING ACTIVITIES		**(185,534)**	(142,543)
a) Interest payments	**8**	**(276,082)**	(288,480)
c) Interest receivable	**7**	**90,548**	145,936
5. CASH FLOW FROM OPERATING ACTIVITIES		**489,595**	452,298
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
6. PAYMENTS FOR INVESTMENTS		**(484,123)**	(1,132,726)
a) Group and Associated Companies		**(235,102)**	(615,757)
b) Intangible Assets	**5**	**0**	(7,640)
c) Fixed Assets	**6**	**(101,689)**	(74,275)
d) Other financial assets		**(147,332)**	(435,054)
7. PROCEEDS FROM DISPOSAL		**241,089**	0
d) Other financial assets		**241,089**	0
8. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(243,034)**	(1,132,726)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. CHARGES AND PAYMENTS FOR EQUITY INSTRUMENTS		**0**	(69,982)
e) Grants, donations and legacies received		**0**	(69,982)
10. RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS		**(285,894)**	122,456
a) Issue		**164,106**	1,072,456
3. Debts to Group and associated Companies		**163,844**	1,071,532
4. Other debts		**262**	924
b) Repayment and amortization		**(450,000)**	(950,000)
3. Debts to Group and Associated Companies		**(450,000)**	(950,000)
11. CASH FLOW FROM FINANCING ACTIVITIES		**(285,894)**	52,474
E) NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS		**(39,334)**	(627,953)
Cash or cash equivalents at the beginning of the year	**7**	**128,846**	756,799
Cash or cash equivalents at the end of the year	**7**	**89,513**	128,846

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2020

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, 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 22, 2011 a social agreement changes the financial year that in the corporate statutes was from October 1 till September 30. However, on February 1, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April 1 till March 31.

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 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 6th, 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; the rights to client's' loans recorded as financial assets for the amount of 2,251,656 Euros, and the Goodwill corresponding to the main business of "Timeshare" for the amount of 1,967,742 Euros. The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the abovementioned related Company. On June 1st, 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.

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.

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 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, 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 date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17 and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remain working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	**216**	**46**	**262**

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.

- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period

2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.

- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analysed again.
- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony..) to minimize the minimum monthly maintenance expense.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2020 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 2018/19.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros	**2019/20**	2018/19
Distribution Balance		
Financial Period Losses	**(114,474)**	(197,927)
Distribution		
Losses accumulated from previous Financial Periods	**(114,474)**	(197,927)
Total	**(114,474)**	(197,927)

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 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.	11%
Machinery.	10 – 25%
Other installations.	10 – 12%
Furniture.	10 – 25%
IT Equipment	12 – 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 who´s 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 2019/20 and 2018/19 periods were the following:

Euros	Balance 31.03.18	**Acquisitions**	**Disposals**	**Balance 31.03.19**
Gross Costs.				
Goodwill	1,807,995	–	–	**1,807,995**
IT Applications.	21,587	7,640	–	**29,227**
Totals.	1,829,582	7,640	–	**1,837,222**
Accumulated amortization.				
Goodwill	361,599	180,799		**542,398**
IT Applications.	15,924	3,946	–	**19,870**
Totals.	377,523	184,745	–	**562,269**
Net Totals.	1,452,060			**1,274,953**

Euros	**Balance 31.3.19**	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Gross Costs.				
Goodwill	1,807,995	–	–	1,807,995
IT Applications.	29,227	–	–	29,227
Totals.	1,837,222	–	–	1,837,222
Accumulated amortization.				
Goodwill	542,398	180,799		723,198
IT Applications.	19,870	4,291	–	24,161
Totals.	562,269	184,042	–	747,359
Net Totals.	1,274,953			1,089,863

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. Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros.

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, 2020 and March 31, 2019 for the amount of 19,770 Euros and 14,517 Euros respectively.

6. TANGIBLE FIXED ASSETS.

6.1. The transactions occurring during the 2019/20 and 2018/19 periods were the following:

Euros	Balance 31.03.19	Acquisitions	Disposals	Balance 31.03.20
Gross Costs				
Buildings	1,125,496	–	–	**1,125,496**
Machinery	64,032	8,599	–	**72,631**
Other facilities	2,891,433	555	–	**2,891,988**
Furniture	250,065	385	–	**250,450**
IT Equipment	83,300	3,775	–	**87,075**
Vehicles	27,994	–	–	**27,994**
Other tangible fixed assets	214,104	78,457	36,385	**328,945**
Advances and fixed assets in progress	36,385	9,918	(36,385)	**9,918**
Totals	4,692,809	101,689	–	**4,794,498**
Accumulated amortization				
Buildings	720,218	132,358	–	**852,576**
Machinery	36,891	9,201	–	**46,092**
Other installations	1,652,150	305,287	–	**1,957,437**
Furniture	238,720	1,730	–	**240,450**
IT Equipment	78,581	3,162	–	**81,742**
Vehicles	20,181	4,131	–	**24,313**
Other tangible fixed assets	76,579	54,150	–	**130,729**
Totals	2,823,320	510,019	–	**3,333,339**
Net Totals.	1,869,489			**1,461,159**

Euros	Balance 31.3.18	Acquisitions	Disposals	Balance 31.03.19
Gross Costs				
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
Totals	4,618,534	37,890	–	4,692,809
Accumulated amortization				
Buildings	550,624	132,358	37,236	720,218
Machinery	35,573	7,121	(5,803)	36,891
Other installations	1,358,916	305,110	(11,876)	1,652,150
Furniture	245,903	13,138	(20,321)	238,720
IT Equipment	74,986	4,335	(740)	78,581
Vehicles	16,050	4,131	–	20,181
Other tangible fixed assets	46,478	28,597	1,504	76,579
Totals	2,328,530	494,791	–	2,823,320
Net Totals.	2,290,004			1,869,489

6.2. The acquisition in the period 2018/19 and 2019/20 correspond, mainly, to investments in the Angry Birds Park.

6.3. There are no signs of impairment through March 31st, 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, 2020 for the amount of 331,299 Euros. At March 31, 2019 amounted 317,904 Euros.

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:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Long-term Financial Assets						
Investments held to maturity	**–**	–	**–**	–	**366,165**	218,833
Loans and Receivables	**–**	–	**–**	–	**442,177**	575,891
Totals	**–**	–	**–**	–	**808,343**	794,724
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**2,915,660**	2,709,067
Liquid Assets	**–**	–	**–**	–	**89,513**	128,846
Totals	**–**	–	**–**	–	**3,005,173**	2,837,914

7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

Euros

Financial Assets	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Next**	**Total l/t**
Financial Investments	**–**	**–**	**–**	**–**	**–**	**366,165**	**366,165**
Other financial assets	–	–	–	–	–	366,165	366,165
Investments in Group and Associated Companies	**2,074,138**	**–**	**–**	**–**	**–**	**–**	**–**
Loans to companies	2,074,138	–	–	–	–	–	–
Commercial Debts and other Receivables.	**841,522**	**255,515**	**115,802**	**49,080**	**21,780**	**–**	**442,177**
Customer receivables for sales and services.							
Clients' Impairment.	943,860	255,515	115,802	49,080	21,780	–	442,177
Personnel.	(103,509)	–	–	–	–	–	–
Cash and other Liquid Assets.	**89,513**	**–**	**–**	**–**	**–**	**–**	**–**
Liquid Assets	89,513	–	–	–	–	–	–
Totals	**3,005,173**	**255,515**	**115,802**	**49,080**	**21,780**	**366,165**	**808,343**

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:

Euros	**Amount**
Balance at 31.03.18	202,295
Impairment Maturity (Note 13.1)	208,481
Impairment reversal (Note 13.1)	(248,502)
Balance at 31.03.19	162,273
Impairment Maturity (Note 13.1)	72,628
Impairment reversal (Note 13.1)	(131,392)
Balance at 31.03.20	**103,509**

Information relating to the Profit and Loss Account.

7.4. 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 and 90,548 Euros for 2018/19 and 2019/20 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

Other Information.

7.5 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 9th 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 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are measured at their reasonable value.

7.6 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 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.

7.7 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 31st 2020, for the amount of 1,638,934 Euros, 1,545,189 Euros in March 31st 2019.

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:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Long-Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**10,517,834**	10,967,834
Totals	**–**	–	**–**	–	**10,517,834**	10,967,834
Short- Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**3,839,615**	3,650,816
Totals	**–**	–	**–**	–	**3,839,615**	3,650,816

8.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros Financial Liabilities	2020/21	2021/22	2022/23	2023/24	2024/25	Next	Total l/t
Debts	**5,764**	–	–	–	–	–	–
Other financial liabilities.	**5,764**	–	–	–	–	–	–
Debts with Group and Associated Companies	**3,716,408**	–	–	–	–	10,517,834	10,517,834
Trade Creditors and other Accounts Payable	**117,442**	–	–	–	–	–	–
Sundry Creditors	**109,864**	–	–	–	–	–	–
Personnel (wages pending payment)	**7,578**	–	–	–	–	–	–
Totals	**3,839,615**	–	–	–	–	**10,517,834**	**10,517,834**

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 2019/20 financial years for the amounts of 282,445 Euros and 275,309 Euros, respectively, correspond to the accrual of interest on loans granted by group companies (See Note 18.3). 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 and for the financial period 2019/20 is 772 Euros.

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, comprises 31 shares of 100 Euros 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 were allocated to these reserves.

9.3 The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros, 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:

Euros	2020	2019
Voluntary Reserves	**1,892,290**	1,892,290
Canary Islands Investment Reserves	**3,093,871**	3,093,871
Goodwill Reserves.	**406,799**	406,799
Totals.	**5,392,960**	5,392,960

10 INVENTORIES.

10.1 Inventories show the following break-down:

Euros	2020	2019
Merchandise in Stock, Angry Birds Theme Park.	**35,969**	47,146
Unsold Weeks in Stock	**7,322,151**	7,237,777
Totals	**7,358,120**	7,284,923

10.2 The transactions of unsold weeks in stock during the 2019/20 & 2018/19 financial periods, have been as follows:

Euros	Balance 31.03.19	Acquisitions	Disposals	Balance 31.03.20
Unsold weeks in stock	7,237,777	674,326	(589,952)	7,322,151
	Balance 31.03.18	**Acquisitions**	**Disposals**	**Balance 31.03.19**
Unsold weeks in stock	7,072,557	429,464	(264,244)	7,237,777

Acquisitions of inventory during the 2018/19 and 2019/20 financial period owes to the weeks sold in previous financial periods and recovered in 2018/2019 and 2019/20, 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 and 595,981 Euros, respectively and to a lesser extent for weeks purchased during the 2018/19 and 2019/20 for the amount of 83,522 Euros and 78,345 Euros, 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 and 2,199 Euros for the financial periods 2018/19 and 2019/20, respectively.

10.4 There are no signs of impairment to the inventories at the end of the financial periods 2018/19 and 2019/20.

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:

Foreign currency	Balance at 31.03.19	Exchange Rate at 31.03.19	Euros at 31.03.19
- Pounds Sterling	143,623	0.8566 libra/ euro	167,666
Foreign currency	**Balance at 31.03.20**	**Exchange Rate at 31.03.20**	**Euros at 31.03.20**
- Pounds Sterling	76,523	0.88643 libra/euro	86,327

11.2 Transactions carried out in foreign currency during the 2018/19 financial period, correspond entirely to sales, reaching 328,938 Euros. No transactions carried out in foreign currency for the financial year 2019/20.

11.3 The exchange differences recognized in the financial year 2019/20 and 2018/19 with debit balance for the amount of 14,053 Euros and 19,893 Euros respectively are related to the settled transactions during the period.

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 27th 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, SL.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

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:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of Income and Expenditure for the financial year	**(114,474)**	–
Total Expenditure on Income Tax	**(170,798)**	–
Profit Tax	**(265,837)**	–
Current Tax	**95,039**	–
Deferred Tax		
Goodwill Deduction	**90,400**	–
Non-deductible Expenses	**488**	–
Temporary Differences		
70% Limit Amortization	**(30,413)**	–
Provisions	**(70,789)**	–
Tax Base (Tax Profit & Loss)	**(295,587)**	–

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 Sales & Marketing, S.L.U., for a negative amount of 295,587 Euros, are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group. The group tax base includes the elimination of the amount of 343,659 Euros related to internal operations made by Holiday Club Canarias Sales & Marketing, SLU:

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:

Euros	2020	2019
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

12.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods 2018/19 and 2019/20 is broken down as follows:

Euros	2020	2019
1. Current Tax	**(265,837)**	(69,070)
2. Deferred tax	**95,039**	9,124
Temporary differences, 70% limit fiscal amortisation	**9,124**	9,124
Temporary differences from intragroup operations	**85,915**	–
3. Total expenditure on income tax.	**(170,798)**	(59,946)

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). It means that in March 31st 2020 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. It means that in March 31st 2020 this amount is pending to be deducted with the limit of 50% and time limit 2033/2034 financial period.

Finally, using the interest rate (25 percent) in the new fix assets investments during the financial period 2019/20 the company has obtained an amount which is subject to deduction for the amount of 34,518 Euros. It means that in March 31st 2020 this amount is pending to be deducted with the limit of 50% and time limit 2034/2035 financial period.

12.6 Deferred Tax Asset.

Transactions during the 2018/19 and 2019/20 financial periods found in this heading have been the following:

Euros	Balance 31.03.2018	Acquisitions	Applications	Balance 31.03.19
Temporary differences, 70% limit fiscal amortisation	68,630	–	(9,124)	**59,506**
Totals	68,630	–	(9,124)	**59,506**

	Balance 31.03.19	**Acquisitions**	**Applications**	**Balance 31.03.20**
Temporary differences, 70% limit fiscal amortisation	**59,506**	**–**	**(9,124)**	**50,382**
Totals	**59,506**	**–**	**(9,124)**	**50,382**

12.7 Deferred Tax Liabilities.

The amount of 59,976 Euros, corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2020 (79,427 Euros at March 31st 2019). The tax rate applied is 25%. (See Note 16.2). Furthermore, during the financial year has been accounted temporary differences liabilities due to internal transactions for the amount 85,915 Euros.

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 financial year 2019/2020, the situation of the Canary Island Investment Reserve is as follows:

Euros Item	2011	2011/12	2012/13
Provisions	776,358	1,081,563	1,235,950
Investments carried out			
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)

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:

Euros 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	–	–
					633,330	**633,330**	**–**	**–**
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	–	–
					36,125	**36,125**	**–**	**–**
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
					1,688,918	**106,902**	**1,081,563**	**500,453**
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
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
					54,670	**–**	**–**	**54,670**

Euros

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
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
					18,264	**–**	**–**	**18,264**
21801001	Vehicles	10.09.2014	19,509	–	19,509	–	–	19,509
21801001	Vehicles	12.09.2014	285	–	285	–	–	285
					19,794	**–**	**–**	**19,794**
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
					4,029	**–**	**–**	**4,029**

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.

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
		Furniture	**5,297**	**5,297**	**5,297**
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
		IT Equipment	**3,740**	**3,740**	**3,740**

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 10,56 employees.

During the financial period 2014/2015, the amount of 24,136 Euros 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.

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
		Furniture	**7,218**	**7,218**	**7,218**

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
		IT Equipment	**1,209**	**1,209**	**1,209**
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		Other facilities	**1,615**	**1,615**	**1,615**
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		IT applications	**3,816**	**3,816**	**3,816**

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
		Furniture	**3,969**	**3,969**	**3,969**
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
		IT Equipment	**2,275**	**2,275**	**2,275**
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
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
		Other Tangible Fixed Assets	**139,558**	**139,558**	**139,558**

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
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
		IT applications	**7,070**	**7,070**	**7,070**
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		Other facilities	**6,202**	**6,202**	**6,202**

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. 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) of which 46,096 Euros were accrued as at 31 March 2017.

The realization for the amount of 26,781 Euros 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 Directors 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:

Euros	2020	2019
Cost of weeks acquired	**78,345**	83,522
Merchandise purchased Theme Park	**155,484**	207,259
Change in Inventory merchandise Theme park	**11,177**	(13,069)
Totals	**245,007**	277,712

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 and 294,885 Euros for the Financial Periods 2018/19 and 2019/20, respectively.

7.a. External Services:

Euros	2020	2019
Leases and Charges	**152,603**	296,027
Repair and Maintenance	**2,105,534**	2,319,250
Independent Professional Services	**533,097**	760,193
Transport	**35,258**	124,899
Insurance	**25,984**	21,919
Bank Services and Similar	**12,010**	32,500
Publicity, Advertising and Public Relations	**136,786**	186,414
Supplies	**98,528**	126,983
Other Services	**74,836**	305,429
Totals	**3,174,635**	4,173,614

7.c. Losses on, impairment of and change in trade provisions:

Euros	2020	2019
Losses from bad debts	**239,498**	326,249
Trade Provision	**72,628**	208,481
Excess Trade Provision	**(131,392)**	(248,502)
Provision packs	**(20,039)**	(129,961)
Provision Sales-persons' commissions.	**3,126**	**(70,689)**
Provision Transfers	**(69,610)**	(19,500)
Provision RCI	**(19,881)**	(42,821)
Other provisions	**(5,551)**	(52,593)
Totals	**68,779**	(29,336)

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 2019/20 they correspond, mainly, to the long term provision the for amount of 150,000 Euros and 326,649 Euros, respectively (See note 14.1).

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1. The long-term provision for the amount of 554,838 Euros corresponds to judicial processes in favour of different clients for claims for weeks sold in previous periods. Transactions during the 2019/20 and 2018/19 financial periods are as follows:

Euros	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19	Acquisitions	Disposals	Balance at 31.03.20
Long-term provisions	278,029	150,000	(83,146)	344,882	326,649	(116,692)	**554,838**

The company has been sued for several clients arguing that the contracts are null for the amount of 5,700,000 Euros. At the date of preparation of these annual accounts 121 claims have been received. 25 have been closed and 77 of them have a ruling from first instance and 8 have also a ruling from second instance. A positive ruling from the Supreme Court has been also received. The rulings are mostly negative for the company for the amount of 1,200,000 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. 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 554,838 Euros.

14.2. The short-term provision corresponds to the accrual of commissions pending payment to sales staff and provisions for the cancellation of sales. The balance at the close of the financial years 2018/19 and 2019/20 amounts 188,296 euros and 76,341 Euros, respectively. Transactions during the 2018/19 and 2019/20 financial periods are as follows:

Euros	Balance at 31.03.18	Disposals	Balance at 31.03.19	Acquisitions	Disposals	Balance at 31.03.20
Short-term provisions	555,541	(367,244)	188,296	3,126	(115,081)	**76,341**

Contingencies.

14.3. There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 500,000 Euros 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 204,450 Euros to face all the trials commented in the note 14.1. being also endorsed by the company of the group Holiday Club Canarias Resort Management SLU. (See Note 18.3)

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 breakdowns are included in this report.

16. GRANTS, DONATIONS AND LEGACIES.

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. On April 2018 the company paid back 69,982 Euros because some conditions were not complied.

16.2. Variations in the capital grant during the financial years 2019/20 and 2018/19 are as follows:

Euros	Balance 31.03.19	Acquisitions	Transfer to results	Balance 31.03.20
Capital Grant	317,710	–	(77,807)	239,903
Tax Effect	(79,427)	–	19,452	(59,976)
Totals	238,283	–	**(58,355)**	**179,928**

Euros	Balance 31.03.18	Transfer to results	Disposals	Balance 31.03.19
Capital Grant	465,500	(77,807)	(69,982)	**317,710**
Tax Effect	(116,375)	19,452	17,495	**(79,427)**
Totals	349,124	(58,355)	(52,486)	**238,283**

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.

Remuneration paid to managers and key personnel of the company, during the financial period 2019/20, in their status as employees of the company, amounts to 48,800 Euros and in the financial period 2018/19, 69,133 Euros.

On the Balance Sheet there is a current account with partners and administrators at March 31, 2020, that amounts 5,764 Euros (5,502 euros in the financial period 2018/2019).

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 Directors 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 Directors 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 Directors 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 2019/20 and 2018/19, are the following:

Euros	2020		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, SLU	–	2,048,272	180,143
Holiday Club Resort OY	–	309,463	239,668
Holiday Club Sweden AB	275,309	16,150	–
Holiday Club Canarias Vacation Club, SL	–	78,345	2,193,821
Totals	275,309	2,452,231	2,613,632

Euros	2019		
Company	**Financial Expenses**	**Services received**	**Services rendered**
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**
Totals	**282,445**	**2,981,539**	**1,348,279**

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2019/20 and 2018/19, both short-term and long-term, at the close of the Financial Periods are:

	2020		2019	
Euros	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Holiday Club Canarias Resort Management, SLU	**–**	**3,648,057**	–	3,472,712
Holiday Club Canarias Investment, SL	**1,225,186**	**–**	959,460	–
Holiday Club Resort OY	**66,225**	**–**	–	10,680
Holiday Club Sweden AB	**–**	**10,586,186**	–	11,037,006
Holiday Club Canarias Vacation Club, SL	**782,726**	**–**	613,739	–
Totals.	**2,074,138**	**14,234,242**	1,573,199	14,520,398

The Company backed the Group Company Holiday Club Canarias Resort Management, SLU related to a loan granted by a financial institution, amounting 500,000 Euros at the end of the period (see Note 14.3).

Furthermore, the Group Company Holiday Club Canarias Resort Management, SLU provided a guarantee to a Finance Company for the amount of 204,450 Euros to face pending trials of the company (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.
- Holiday Club Canarias Vacation Club: Subsidiary

Aggregated amounts of these companies are as follows:

Euros	**2020**	2019
ASSETS		
Non-current Assets	**9,035,693**	8,673,962
Current Assets	**20,824,424**	18,625,890
Total	**29,860,115**	27,299,853
EQUITY AND LIABILITIES		
Equity	**4,850,447**	4,052,376
Non-current Liabilities	**11,839,887**	11,526,709
Current Liabilities	**13,169,781**	11,720,768
Total	**29,860,115**	27,299,853
PROFIT & LOSS		
Turnover.	**14,332,442**	13,245,594
Results (Loss)	**853,397**	67,834

19 OTHER INFORMATION

19.1 Number of Employees.

The average number of persons employed by the Company during the financial periods 2019/20 and 2018/19, distributed by their professional categories, has been as follows:

	Persons	
	2020	2019
Executives and Administrative Staff.	**13.61**	18.63
Sales and Collections Staff.	**6.97**	13.96
Others	**17.01**	18.97
Totals.	**37.59**	51.56

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Executives and Administrative Staff.	**8**	**6**	8	8
Sales and Collections Staff.	**5**	**3**	5	4
Others	**8**	**11**	10	9
Totals.	**21**	**20**	23	21

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2019/20 and 2018/19 is only is as follows:

	2020	2019
Executives and Administrative Staff.	**1**	–
Others	**1**	1
Totals.	**2**	1

19.2 Auditor's Fees.

The fees for the audit of annual accounts amount to 11,000 Euros and 10,165 Euros 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.

Euros	**2020**	2019
Hotel activity	**–**	3,275,275
Transfer of weeks (note 18.3)	**2,193,821**	–
Angry Birds Theme Park income	**1,139,071**	1,204,876
Other income	**409,548**	377,826
Sale of weeks and packs	**1,812,589**	1,946,463
Totals	**5,555,029**	6,804,440

21 INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF July 5.

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	**2020**	2019
	Days	Days
Payment Ratio	**50**	44
Outstanding payment Ratio	**30**	30
Average period for payment to suppliers	**49**	44
	Amount	Amount
Total payments in the period	**3,399,937**	4,519,035
Total outstanding payments	**109,864**	90,159

In Mogán, April 20, 2020.

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31, 2020

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 5,555,029 euros.

In October 31st ,2018 the Company opened the Angry Birds Activity Park in Puerto Rico, Mogán. After six and half years running the business the results have been very satisfactory, taking in account that we are talking about a very big Investment, over 4,000,000 Euros.

This will help to diversify the business focused on the touristic activity and the vacation enjoyment of the families.

2. COMPANY'S SITUATION

Inventory is the most relevant item 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 50 days.

5. FORSEEABLE EVOLUTION OF THE BUSINESS DUE TO THE IMPACT OF THE COVID-19

Note 2.3 of the report details the situation caused by COVID-19. At the date of preparation of the annual accounts, our complexes are still closed, as well as the Angry Birds Park, not knowing at the moment when we will be able to reopen to the public. Even anticipating a decrease in the annual sales target, we have sufficient cash to face the shocks that may come.

Mogán, April 20, 2020

Calvin Stuart Lucock

Joint and Several Administrator and Holiday Club Resorts OY Representative.

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

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 March 31, 2020, 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 March 31, 2020 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 statement”.

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 5.2 million euros (see note 19), while in the current liabilities there is a balance of 4.02 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 19, 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 analysts 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.

COVID19

As indicated in note 2.2 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly Interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company’s Director, 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 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Director's responsibilities

The Director is 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 is 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 intends 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 skepticism 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.
- We conclude on whether the use, by the Director, 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 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, 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)

Canaria, on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS	Notes	(Euros) 2020	(Euros) 2019
A) NON-CURRENT ASSETS			
I. Intangible Assets	**5**	**1,020,000**	1,190,000
4. Goodwill		**1,020,000**	1,190,000
II. Fixed Assets	**6**	**3,392,367**	3,404,207
1. Property and Buildings		**2,884,903**	2,905,751
2. Technical Facilities and other Fixed Assets		**507,463**	359,756
3. Advances and fixed assets in progress		**0**	138,700
III. Real Estate Investments	**7**	**800,495**	552,454
2. Construction/ Buildings		**800,495**	552,454
V. Long-term financial investments	**8**	**141,409**	41,409
3. Debt securities		**136,300**	36,300
5. Other financial assets		**5,109**	5,109
VI. Deferred Tax Assets	**11**	**64,225**	56,910
TOTAL A		**5,418,496**	5,244,979
B) LIQUID ASSETS			
III. Commercial debtors and other accounts receivables		**801,026**	639,366
1. Trade receivables	**8**	**794,329**	636,703
3. Other debtors	**8**	**471**	890
4. Personnel	**8**	**6,209**	1,756
6. Other receivables from Public Administrations		**17**	17
IV. Short-term Investments in affiliated group and associate	**8-17**	**3,648,354**	3,473,866
2. Loans to companies		**3,648,354**	3,473,866
V. Short-term financial investments	**8**	**1,557**	1,557
5. Other financial assets		**1,557**	1,557
VI. Short term accruals		**16,994**	27,591
VII. Cash and other equivalent liquid assets	**8**	**1,543,654**	376,382
1. Liquid assets		**1,543,654**	376,382
TOTAL B		**6,011,585**	4,518,762
TOTAL ASSETS (A + B)		**11,430,080**	9,763,741

BALANCE SHEET AS AT MARCH 31, 2020

NET WORTH AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**4,026,104**	3,573,311
I. Capital	**10**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves		**3,806,345**	3,539,523
1. Legal and statutory		**620**	620
2. Other reserves	**10**	**3,805,725**	3,538,903
V. Profit & Loss from previous Periods		**(236,134)**	(236,134)
2. (Losses from previous Periods)		**(236,134)**	(236,134)
VII. Profits for the Period	**3**	**452,792**	266,823
TOTAL A		**4,026,104**	3,573,311
B) NON CURRENT LIABILITIES			
II. Long-term Debts	**9**	**617,806**	128,563
2. Debts to Loan Institutions		**616,706**	127,463
5. Other financial liabilities		**1,100**	1,100
V. Long-term accruals		**3,519**	6,002
TOTAL B		**621,325**	181,907
C) CURRENT LIABILITIES			
II. Short-term provisions	**14**	**220,404**	177,090
III. Short-term debts	**9**	**168,726**	316,485
2. Debts to Loan Institutions		**167,726**	267,313
3. Creditors due to financial leasing		**0**	2,881
5. Other financial liabilities		**1,000**	46,292
IV. Short-term Debts with Group and Associated Companies	**9-17**	**1,671,620**	1,142,412
V. Trade Creditors and other Accounts payable		**704,289**	647,742
3. Sundry Creditors	**9-20**	**242,238**	205,879
4. Staff (salaries pending payment).	**9**	**609**	**7,961**
6. Other debts with Public Administrations.		**448,330**	**420,836**
7. Customer advances		**13,112**	13,067
VI. Short-term accruals	**9**	**4,017,613**	3,772,134
TOTAL C		**6,782,652**	6,055,864
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**11,430,080**	9,763,741

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CONTINUING OPERATIONS			
1. Turnover	**19**	**5,161,092**	5,394,733
b) Services rendered		**5,161,092**	**5,394,733**
4. Supplies	**13**	**(27,176)**	(138,320)
a) Consumption of merchandise		**(27,176)**	(138,320)
5. Other operations income	**7**	**84,161**	74,268
a) Accessory income and other current operations		**84,161**	74,268
6. Personnel expenses		**(2,388,347)**	(2,692,988)
a) Wages, salaries and similar		**(1,851,426)**	(2,110,786)
b) Social Security contributions	**13**	**(536,920)**	(582,202)
7. Other operating expenses		**(1,964,223)**	(2,011,085)
a) Outsourced services	**13**	**(1,526,895)**	(1,624,496)
b) Taxes		**(128,713)**	(130,182)
c) Losses, impairment and variation of supplies from trade op.	**13**	**(308,004)**	(256,536)
d) Other current operating expenses		**(610)**	130
8. Depreciation of fixed assets	**5-6-7**	**(340,336)**	(312,070)
13. Other incomes and expenses	**13**	**(11,065)**	17,465
A.1) Operating Income (Profit)		**514,107**	332,004
14. Financial Income.	**8**	**34,352**	19,957
b) Trade securities and other equity instruments		**34,352**	19,957
b 2) Third Parties		***34,352***	*19,957*
15. Financial expenses	**9**	**(8,757)**	(8,930)
b) Debts with Third Parties		**(8,757)**	(8,930)
17. Exchange differences.	**12**	**(91)**	1,048
A.2) FINANCIAL PROFIT & (LOSS)		**25,504**	12,075
A.3) PROFIT BEFORE TAXES		**539,611**	344,079
19. Corporate Income Tax	**11**	**(86,819)**	(77,256)
A.5) PROFIT & (LOSS) IN THE PERIOD		**452,792**	266,823

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) STATEMENT OF RECOGNISED PROFIT AND LOSS			
A) PROFIT AND (LOSS) ACCOUNT	**3**	**452,792**	266,823
TOTAL OF RECOGNISED PROFIT AND LOSS (A)		**452,792**	266,823

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2020 (euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & (Loss)	Current Year's Profit & (Loss)	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2017/18	**3,100**	**3,306,789**	**(236,134)**	**232,734**	**3,306,488**
B. ADJUSTED BALANCE BEGINNING 2018/19	**3,100**	**3,306,789**	**(236,134)**	**232,734**	**3,306,488**
I. Total recognised Profit & Loss	0	0	0	266,823	**266,823**
III. Other variations to Equity	0	232,734	0	(232,734)	**0**
C. FINAL BALANCE 2018/19	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
D. ADJUSTED BALANCE, BEGINNING 2019/20	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
I. Total recognised incomes and expenses	0	0	0	452,792	**452,792**
III. Other changes to Equity	0	266,823	0	(266,823)	**0**
E. FINAL BALANCE 2019/20	**3,100**	**3,806,345**	**(236,134)**	**452,792**	**4,026,104**

CASH FLOW STATEMENT AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. PROFIT & LOSS BEFORE TAXES		**539,611**	344,079
2. ADJUSTMENTS TO PROFIT & LOSS		**358,055**	272,786
a) Depreciation of Fixed Assets	**5-6-7**	**340,336**	312,070
c) Change to provisions	**14**	**43,314**	(28,257)
g) Financial Incomes	**8**	**(34,352)**	(19,957)
h) Financial Expenses	**9**	**8,757**	8,930
3. CHANGES IN WORKING CAPITAL		**148,479**	116,390
b) Trade and other accounts receivable		**(161,660)**	120,559
c) Other current assets		**10,596**	2,641
d) Creditors and other accounts payable		**56,547**	(61,867)
e) Other current liabilities		**242,995**	55,057
4. OTHER CASH FLOW FROM OPERATING ACTIVITIES		**25,577**	11,027
a) Interest payments	**9**	**(8,757)**	(8,930)
c) Interest receivable	**8**	**34,352**	19,957
d) Corporation tax payments		**(17)**	0
5. CASH FLOW ON OPERATING ACTIVITIES		**1,071,722**	744,282
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
6. PAYMENTS FOR INVESTMENTS		**(681,024)**	(1,422,291)
a) Group and Associated Companies		**(174,487)**	(1,183,736)
c) Fixed Assets	**6**	**(406,537)**	(197,079)
e) Other financial assets		**(100,000)**	(41,476)
8. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(681,024)**	(1,422,291)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
10. RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES		**776,575**	132,604
a) Issue		**1,135,092**	516,330
2. Amounts owed to credit institutions		**700,000**	300,000
3. Debts with Group and Associated Companies		**435,092**	189,038
4. Other debts		**0**	27,292
b) Repayment and amortization		**(358,517)**	(383,726)
2. Debts with credit institutions		**(313,225)**	(382,176)
4. Other debts		**(45,292)**	(1,550)
12. CASH FLOW FROM FINANCING ACTIVITIES		**776,575**	132,604
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		**1,167,273**	(545,405)
Cash or cash equivalents at the beginning of the year	**8**	**376,382**	921,787
Cash or equivalents at the end of the year	**8**	**1,543,654**	376,382

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2020

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 22, 2011 a social agreement changes the financial year that in the corporate statutes was from October 1 till September 30. However, on February 1, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April 1 till March 31.

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 and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros. The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the abovementioned 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.

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 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, 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 date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17, and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remain working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	**216**	**46**	**262**

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.

- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.

- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analysed again.

- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	1,849

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2020 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 2018/19.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros	**2020**	2019
Distribution Balance		
Financial Period Profits	**452,792**	266,823
Distribution		
Reserve for investments on Canary Islands	**290,000**	128,036
Voluntary Reserves	**–**	138,787
Negative result from previous years	**162,792**	–
Totals	**452,792**	266,823

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 the Royal Decree 1777/2004 of July 30, 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	3%
Machinery	12%
Other installations	12%
Furniture	10%
IT Equipment	25%
Transport elements	16%
Other intangible assets	18-33%

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) Debts and accounts payable, including Debts from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those Debts 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 27/2014 of November 27, the Corporate Tax Law. 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. The transactions occurred during the financial periods 2018/19 and 2019/20 were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Goodwill	1,700,000	–	–	1,700,000
Accumulated amortization	(340,000)	(170,000)	–	(510,000)
Net Totals	1,360,000			1,190,000

	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Goodwill	**1,700,000**	**–**	**–**	**1,700,000**
Accumulated amortization	**(510,000)**	**(170,000)**	**–**	**(680,000)**
Net Totals	**1,190,000**			**1,020,000**

5.2. There is no evidence of impairment through March 31, 2020 on any of the elements in the Intangible Fixed Assets.

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2018/19 and 2019/20 periods were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Gross Costs				
Buildings	3,065,052	5,150	217,402	**3,287,604**
Machinery	62,532	22,292	–	**84,824**
Other facilities	164,117	4,000	–	**168,117**
Furniture	178,830	19,056	–	**197,886**
Transportation elements	27,195	353	–	**27,548**
IT Equipment	50,393	–	–	**50,393**
Other tangible fixed assets	387,746	7,529	–	**395,275**
Advances and fixed assets in progress	11,030	138,700	(11,030)	**138,700**
Totals	3,946,895	197,079	206,372	**4,350,346**
Accumulated amortization				
Buildings	292,636	64,125	25,092	**381,853**
Machinery	26,515	9,120	–	**35,634**
Other installations	43,351	19,998	–	**63,349**
Furniture	19,932	22,017	–	**41,949**
IT Equipment	14,748	4,115	–	**18,863**
Transportation elements	15,456	8,064	–	**23,520**
Other tangible fixed assets	377,506	3,466	–	**380,972**
Totals	790,143	130,905	25,092	**946,140**
Net Totals	3,156,753			**3,404,207**

	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Gross Costs				
Buildings	**3,287,604**	**221,887**	**(206,372)**	**3,303,119**
Machinery	**84,824**	**36,612**	**–**	**121,435**
Other facilities	**168,117**	**26,457**	**51,185**	**245,758**
Furniture	**197,886**	**112,646**	**–**	**310,532**
IT Equipment	**27,548**	**2,288**	**–**	**29,835**
Transportation elements	**50,393**	**–**	**–**	**50,393**
Other tangible fixed assets	**395,275**	**6,648**	**–**	**401,923**
Advances and fixed assets in progress	**138,700**	**–**	**(138,700)**	**–**
Totals	**4,350,346**	**406,537**	**(293,886)**	**4,462,997**

Accumulated amortization				
Buildings	**381,853**	**65,046**	**(28,683)**	**418,217**
Machinery	**35,634**	**12,975**	**–**	**48,609**
Other installations	**63,349**	**26,993**	**–**	**90,343**
Furniture	**41,949**	**31,023**	**–**	**72,973**
IT Equipment	**18,863**	**4,061**	**–**	**22,925**
Transportation elements	**23,520**	**8,064**	**–**	**31,584**
Other tangible fixed assets	**380,972**	**5,011**	**–**	**385,983**
Totals	**946,140**	**153,174**	**(28,683)**	**1,070,631**
Net Totals	**3,404,207**			**3,392,367**

6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,061,167 euros and 2,241,952 euros, respectively.

6.3. Acquisitions during the financial period 2019/20 and 2018/19 correspond 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 corresponded to refurbishment of the pool bar in one of the resorts and have been reclassified to real estate investments during the financial year 2019/20 (See note 6.5)

6.5. During the period 2018/19 have been transferred to tangible assets, for the net account value of 181,280 Euros buildings of real estate investments that are now run directly by the company. They are a restaurant and a pool bar. During the period 2019/20 these tangible assets have been transferred to real estate investments and the refurbishment made during the period also because they are run now for a third party. The total net value is 265,230 Euros (See note 6.4 and 7.3)

6.6. There is a transport element connected to a financial lease for the amount of 50,393 Euros

6.7. There are fully depreciated transport elements in use at March 31, 2020 for the amount of 403,383 Euros. (398,183 Euros on March 31, 2019).

6.8. There are no signs of impairment through March 31, 2020 for the elements in the Tangible Fixed Assets.

6.9. There are tangible assets linked to tax incentives.

6.10. 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 2018/19 and 2019/20 periods were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Buildings	848,003	–	(206,372)	**641,631**
Accumulated amortisation	(103,105)	(11,164)	25,092	**(89,178)**
Net Totals	744,898			**552,454**
	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Buildings	**641,631**	–	**293,886**	**935,518**
Accumulated amortisation	**(89,178)**	**(17,162)**	**(28,683)**	**(135,023)**
Net Totals	**552,454**			**800,495**

7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 356,161 Euros and 579,357 Euros, respectively.

7.3. During the period 2018/19 have been transferred to tangible assets, for the net account value of 181,280 Euros buildings of real estate investments that are were run directly by the company. They are a restaurant and a pool bar. During the period 2019/20 these intangible assets have been transferred to real estate investments and the refurbishments made during the period also because they are run for a third party. The total net value is 265,203 Euros (See notes 6.4 and 6.5)

7.4. The Company's Real-estate investments for rental have generated revenue of 84,161 Euros and 74,268 Euros during the financial periods 2019/20 & 2018/19 respectively and correspond for the period 2018/19 to two restaurants, a hairdressers' salon and a diving centre and three restaurants, a pool bar, a hairdressers' salon and a diving centre for the period 2019/20.

7.5. The main expenditures for these properties correspond to allocation for amortisation.

7.6. There are no signs of impairment through March 31, 2020 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. FINANCIAL ASSETS.

Information related to the Balance Sheet.

8.1 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:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Investments held to maturity	**–**	–	**136,300**	36,300	**–**	–
Loans and Receivables	**–**	–	**–**	–	**5,109**	5,109
Totals	**–**	–	**136,300**	36,300	**5,109**	5,109
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**4,450,919**	4,114,772
Liquid Assets	**–**	–	**–**	–	**1,543,654**	376,382
Totals	**–**	–	**–**	–	**5,994,573**	4,491,153

8.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

Euros

Financial Assets	2020/21	2021/22	2022/23	2023/24	2024/25	Next	Total l/t
Investments in Group and Associated Companies	**3,648,354**	–	–	–	–	–	–
Loans to companies	**3,648,354**	–	–	–	–	–	–
Short-term financial investments	**1,557**	–	–	–	–	**141,409**	**141,409**
Debt securities	–	–	–	–	–	**136,300**	**136,300**
Other financial assets	**1,557**	–	–	–	–	**5,109**	**5,109**
Commercial Debts and other Receivables.	**801,008**	–	–	–	–	–	–
Customer receivables for sales and services.	**794,329**	–	–	–	–	–	–
Sundry Receivables	**471**	–	–	–	–	–	–
Personnel	**6,209**	–	–	–	–	–	–
Cash and other Liquid Assets.	**1,543,654**	–	–	–	–	–	–
Liquid Assets	**1,543,654**	–	–	–	–	–	–
Totals	**5,994,573**	–	–	–	–	**141,409**	**141,409**

8.3. Corrections due to Impairment caused by Credit Risk.

No variations due to impairment have been applied to the corrective accounts during the financial periods 2019/20 and 2018/20.

Information relating to the Profit & Loss Account.

8.4 Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 34,352 Euros and 19,957 Euros for the financial periods 2019/20 and 2018/19 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

Other Information.

8.5. 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 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

8.6. 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.

9. FINANCIAL LIABILITIES.

Information related to the Balance Sheet.

9.1 Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

Euros

	Debits with Credit Institutions		Bonds & Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Debits and Payables	**616,706**	127,463	**–**	–	**1,100**	1,100
Totals.	**616,706**	127,463	**–**	–	**1,100**	1,100
Short-term Financial Liabilities						
Debits and Payables	**167,726**	270,194	**–**	–	**1,915,467**	1,402,544
Totals.	**167,726**	270,194	**–**	–	**1,915,467**	1,402,544

9.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros

Financial Liabilities	2020/21	2021/22	2022/23	2023/24	Next	Total l/t
Debts	**168,726**	257,853	189,699	169,155	1,100	617,806
Debts with Credit Institutions	**167,726**	257,853	189,699	169,155	–	616,706
Other financial liabilities	**1,000**	–	–	–	1,100	1,100
Debts with Group and Associated Companies	**1,671,620**	–	–	–	–	–
Trade Creditors and other accounts payable	**242,847**	–	–	–	–	–
Sundry Creditors	**242,238**	–	–	–	–	–
Staff (salaries pending payment)	**609**	–	–	–	–	–
Totals	**2,083,193**	**257,853**	**189,699**	**169,155**	**1,100**	**617,806**

Information related to the Profit & Loss Account

9.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 8,757 Euros and 8,930 Euros for the financial periods 2019/20 and 2018/19, respectively.

Other Information

9.4. Reasonable Value.

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

9.5. 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.

9.6. Other Information about Financial Instruments.

a) Debts with credit institutions show the following breakdown:

Euros	2020	2019
Personal secured loans	**127,463**	394,776
ICO loans (note 9.6.b)	**656,969**	–
Leasing	**–**	2,881
Totals	**784,432**	397,657

b) The ICO loans, which amount on March 31, 2020 is 656,969 Euros are backed for companies of the group. (See notes 14.2 and 17.3)

c) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

9.7 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, 2020 for the amount of 4,017,613 Euros. It was 3,772,134 Euros on March 31, 2019.

10. SHAREHOLDERS´ EQUITY.

10.1 The share capital, for an amount of 3,100 Euros, comprises 31 shares of 100 Euros face value each.

10.2 The Canary Islands Investments Reserve Fund for the amount of 988,036 Euros, is subject to the availability limitations established in the tax regulations.

10.3 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

10.4 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2020	2019
Voluntary Reserves	**2,300,538**	2,161,751
Canary Islands Investment Reserves	**988,036**	860,000
Goodwill Reserves	**517,151**	517,151
Totals	**3,805,725**	3,538,903

11 TAX POSITION.

Profit Tax.

11.1 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 November 27, 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, SL.U.
Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. and HOLIDAY CLUB CANARIAS VACATION CLUB S.L.

11.2 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:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**452,792**	**–**
Tax over benefits	**86,819**	**–**
Profit Tax	**94,134**	**–**
Current Tax	**(7,315)**	**–**
Deferred Tax		
Donations	**11,221**	**–**
Reserve for investments in the Canary Islands	**(290,000)**	**–**
Goodwill Deduction	**85,000**	**–**
Temporary Differences		
70% Limit Amortization	**(7,210)**	**–**
Provisions (Art. 14 LIS)	**37,914**	**–**
Tax Base (Tax Profit & Loss)	**376,536**	–

11.3 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 376,536 Euros, is 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.

Euros	2020	2019
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

11.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

Euros	2020	2019
1. Current Tax	**94,134**	69,786
2. Deferred tax	**(7,315)**	7,470
- deductible temporary differences that are activated in the period	**(52,329)**	(42,851)
- deductible temporary differences that are deducted in the period	**45,014**	50,321
3. Total expenditure on Income Tax	**86,819**	77,256

11.5 Deductions for 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 of 63,382 Euros which has not been applied. It means that in March 31, 2020 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

11.6 Deferred Tax Assets.

Transactions during the financial periods 2018/19 and 2019/20 found in this heading have been the following:

Euros	Balance 31.03.18	Acquisitions	Applications	Balance 31.03.19
- Temporary differences for non-deductible provisions	48,158	42,851	(48,158)	**42,851**
- Temporary differences, 70% limit fiscal amortisation	16,222	–	(2,163)	**14,059**
Totals	64,380	42,851	(50,321)	**56,910**
	Balance 31.03.19	**Acquisitions**	**Applications**	**Balance 31.03.20**
- Temporary differences for non-deductible provisions	**42,851**	**52,329**	**(42,851)**	**52,329**
- Temporary differences, 70% limit fiscal amortisation	**14,059**	**–**	**(2,163)**	**11,896**
Totals	**56,910**	**52,329**	**(45,014)**	**64,225**

11.7 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 2019/20, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	2012/13	2013/14	2017/18	2018/19	**2019/20**
Provisions.	245,000	425,000	190,000	128,036	**290,000**
Investments made					
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)	**–**
Financial Period 2019/20	–	–	–	(58,626)	**(290,000)**

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
	TOTAL	**MACHINERY**	**14,961**	**14,961**
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
	TOTAL	**FURNITURE**	**2,260**	**2,260**

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
	TOTAL	**CONSTRUCTION**	**105,720**	**105,720**
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
	TOTAL	**MACHINERY**	**5,074**	**5,074**
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
	TOTAL OTHER	**FACILITIES**	**79,558**	**79,558**
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
	TOTAL	**FURNITURE**	**1,091**	**1,091**

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	–
	TOTAL CONSTRUCTIONS		**26,837**	**26,837**	**–**
21301001	Machinery	31.01.2016	1,036	–	1,036
21301001	Machinery	31.01.2016	4,514	–	4,514
	TOTAL MACHINERY		**5,550**	**–**	**5,550**
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	–
21508001	Other facilities	31.01.2016	1,499	1,499	–
	TOTAL OTHER FACILITIES		**39,886**	**9,499**	**30,387**
21608001	Furniture	02.01.2016	1,036	–	1,036
	TOTAL FURNITURE		**1,036**	**–**	**1,036**
21708001	IT equipment	18.12.2015	5,024	–	5,024
21708001	IT equipment	18.12.2015	176	–	176
	TOTAL IT EQUIPMENT		**5,200**	**–**	**5,200**

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
	TOTAL OTHER TANGIBLE FIXED ASSETS		**11,947**	**11,947**
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)
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
		TOTAL MACHINERY	**6,043**	**6,043**
21408001	Other facilities	28.02.2017	7,975	7,975
		TOTAL OTHER FACILITIES	**7,975**	**7,975**
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
		TOTAL FURNITURE	**41,476**	**41,476**
21801001	Vehicles	24.05.2016	50,393	50,393
		TOTAL VEHICLE	**50,393**	**50,393**

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	–
	TOTAL CONSTRUCTION/BUILDING		**264,993**	**264,993**	**–**
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
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
		TOTAL MACHINERY	**30,865**	**–**	**30,865**
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
		TOTAL OTHER FACILITIES	**27,176**	**–**	**27,176**
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
		TOTAL FURNITURE	**120,885**	**–**	**120,885**
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
		TOTAL IT EQUIPMENT	**10,966**	**–**	**10,966**
21908001	Other tangible fixed assets	20.07.2017	108	–	108
	TOTAL OTHER TANGIBLE FIXED ASSETS		**108**	**–**	**108**

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
	TOTAL CONSTRUCTION/BUILDING		**16,180**	**16,180**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
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
	TOTAL MACHINERY		**22,292**	**22,292**
21508001	Other Facilities	10.05.2018	2,300	2,300
21508001	Other Facilities	10.05.2018	1,700	1,700
	TOTAL OTHER FACILITIES		**4,000**	**4,000**
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
	TOTAL FURNITURE		**19,056**	**19,056**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21708001	IT equipment	20.06.2018	353	353
	TOTAL IT EQUIPMENT		**353**	**353**
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
	TOTAL OTHER TANGIBLE FIXED ASSETS		**7,529**	**7,529**

During the period 2018/19 the Company has carried out investments prior to the provision of the same period for the amount of 69,409 Euros 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.

Throughout the financial period 2019/2020 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	Amount materialised	Provision 2018/2019	Provision 2019/20
21108004	Construction/Buildings	31.05.2019	57,886	57,886	57,886	–
21108004	Construction/Buildings	31.05.2019	29,628	29,628	740	28,888
21108026	Construction/Buildings	06.05.2019	800	800	–	800
21108029	Construction/Buildings	01.09.2019	211,087	148,587	–	148,587
21108029	Construction/Buildings	01.10.2019	10,000	10,000	–	10,000
TOTAL CONSTRUCTION/BUILDING			**309,401**	**246,902**	**58,626**	**188,275**
21301001	Machinery	31.05.2019	36,612	36,612	–	36,612
TOTAL MACHINERY			**36,612**	**36,612**	**–**	**36,612**
21508001	Other Facilities	31.05.2019	24,792	24,792	–	24,792
TOTAL OTHER FACILITIES			**24,792**	**24,792**	**–**	**24,792**
21608001	Furniture	31.05.2019	40,321	40,321	–	40,321
TOTAL FURNITURE			**40,321**	**40,321**	**–**	**40,321**

During the period 2019/20 the Company has carried out investments prior to the provision of the same period for the amount of 290,000 Euros 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.

11.8 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 Directors 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.

12 FOREIGN CURRENCY.

The Exchange differences recognised for the financial periods 2019/20 and 2018/19 in the Profit and Loss Account, for creditor and debtor´s amounts of 91 Euros and 1,048 Euros respectively, belongs to transactions settled during the Financial Period.

13 INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the purchases of merchandise for the amounts of 27,176 Euros and 138,320 Euros) during the financial periods 2019/20 and 2018/19, 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 536,920 Euros and 582,202 Euros for the financial periods 2019/20 and 2018/19, respectively.

7.a) External Services:

Euros	2020	2019
Leases and Charges	**–**	184
Repair and Maintenance	**513,612**	501,122
Independent Professional Services	**305,335**	309,313
Transport	**26,900**	30,886
Insurance	**26,658**	29,406
Bank Services and Similar	**11,305**	16,630
Publicity, Advertising and Public Relations	**74**	–
Supplies	**555,979**	583,978
Other Services	**87,032**	152,976
Totals	**1,526,895**	1,624,496

7.c) Losses on impairment of and change in trade transactions:

Euros	2020	2019
Provisions Other Trade Transactions (Note 14).	**308,004**	256,536
Totals	**308,004**	256,536

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 for the amount of 17,465 Euros corresponds mainly to guarantees received regularization and the negative result in 2019/20 for the amount of 11,065 Euros corresponds mainly to late payments penalties from other taxes.

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1 Transactions during the financial periods 2018/19 and 2019/20 found in this heading have been the following:

Euros	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19	Acquisitions	Disposals	Balance at 31.03.20
Sinking Fund	205,347	256,535	(284,792)	177,090	**302,604**	**(264,691)**	**215,004**
Collective labour agreement	–	–	–	–	**5,400**	**–**	**5,400**
	205,347	256,535	(284,792)	177,090	**308,004**	**(264,691)**	**220,404**

They are all monthly provisions to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary. The provision Collective labour agreement corresponds to the salaries increase for the year 2020.

14.2 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 656,969 Euros at the end of the period (see Notes 9.6b and 17.3).

14.3 The company provided a guarantee to a Finance company for the amount of 204,450 Euros to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing (See Note 17.3)

15 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 breakdowns are included in this report.

16 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.

17 TRANSACTIONS BETWEEN RELATED PARTIES.

17.1. 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 2019/20, in their status as employees of the company, amounts to 198,800 Euros and 207,133 Euros in the financial period 2018/19.

17.2. 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 Directors 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 Directors 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 July 2.

Also, during the Financial Period, the members of the Board of Directors 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 17.1.

17.3. Transactions and Balances with Group companies:

Euros	2020		2019	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**180,143**	**2,048,272**	181,059	2,577,119
Holiday Club Resort OY	**823**	**321**	1,061	946
Holiday Club Canarias Vacation Club, SL	–	**224,212**	–	15,106
Totals	**180,967**	**2,272,804**	182,120	2,593,171

All the transactions between related companies have been made under normal market conditions.

Pending amount with related companies for the financial year 2019/20 and 2018/19, both long a short term is at the end of periods, as follows:

Euros	2020		2019	
Company	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Holiday Club Canarias Sales & Marketing, SLU	**3,648,354**	–	3,473,009	–
Holiday Club Canarias Investment, SL	–	**1,045,405**	516	953,373
Holiday Club Resorts OY	–	**201,33**	342	–
Holiday Club Canarias Vacation Club, SL	–	**626,014**	–	189,038
Totals.	**3,648,354**	**1,671,620**	3,473,866	1,142,412

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 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 204,450 Euros (See Note 14.3).

The company is also backed by group companies in front of financial entities for a received loan. The breakdown and balance on March 31, 2020 is as follows (See Notes 9.6.b and 14.2):

Euros

Company	Balance at 31.03.20
Holiday Club Canarias Sales & Marketing, SLU	**500,000**
Holiday Club Canarias Vacation Club, SL	**156,969**
Totals	**656,969**

18. OTHER INFORMATION.

18.1. Number of Employees.

The average number of persons employed by the Company during the 2019/20 and 2018/19 Financial Periods, distributed by professional categories, has been the following:

	Persons	
	2020	2019
Senior Managers	**3**	3
Administration and Middle Managers	**6**	6
Receptionists and Technical Staff	**33**	31
Housekeeping and others	**42**	53
Totals	**84**	93

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Senior Managers	**2**	**1**	2	1
Administration and Middle Managers	**1**	**4**	2	8
Receptionists and Technical Staff	**26**	**6**	25	5
Housekeeping and others	**10**	**35**	13	34
Totals	**42**	**48**	48	48

The distribution by disabled employees at the end of the financial periods 2019/20 and 2018/19 is one person for both periods in the category of housekeeping and other

18.2 Auditor's Fees.

The fees for the audit of Annual Accounts for the Financial Periods 2019/20 and 2018/19 are as follows:

Euros	2020	2019
Fees charged for Account Auditing	**9,800**	9,645
Fees for other Services performed	**4,670**	4,670
Totals	**14,470**	14,315

19. SEGMENT INFORMATION.

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	2020	2019
Maintenance Fee	**4,907,579**	4,908,861
Other incomes	**253,514**	485,872
Totals	**5,161,092**	5,394,733

20. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION» OF LAW 15/2010 OF JULY 5

According to the Third Additional Regulation of Law 15/2010 of July 5, the Company informs the following information:

Euros	**2020**	2019
	Days	**Days**
Payment Ratio	57	44
Outstanding payment Ratio	30	30
Average period for payment to suppliers	54	45
	Euros	**Euros**
Total payments in the period	1,646,425	1,961,236
Total outstanding payments	242,238	205,879

In Mogán, on April 20, 2020.

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31, 2020

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 5,161,092 euros.

In the current period the result of the company has been positive for the amount of 452,792 Euros.

2. COMPANY'S SITUATION

Fixed 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 57 days.

5. FORSEEABLE EVOLUTION OF THE BUSINESS DUE TO THE IMPACT OF THE COVID-19

Note 2.3 of the report details the situation caused by COVID-19. At the date of preparation of the annual accounts, our complexes are still closed, as well as the Angry Birds Park, not knowing at the moment when we will be able to reopen to the public. Even anticipating a decrease in the annual sales target, we have sufficient cash to face the shocks that may come.

Mogán, April 20, 2020

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 VACATION CLUB, SLU**:

Report on the Financial Statements

We have audited the financial statements of **HOLIDAY CLUB CANARIAS VACATION CLUB, SLU,** (the Company) which comprise the balance sheet as at March 31, 2020, and the income statement and the related explanatory notes, all in abbreviated format, 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 March 31, 2020 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 statement”.

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 3,616,321 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.

COVID19

As indicated in note 2.3 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly Interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Directors’ responsibilities

The Director is 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 is 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 intends 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 Skepticism 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 Director 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 ALVAREZ CABRERA
(nº ROAC 16092)

Canaria,
on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSET	Notes	(Euros) 2020	(Euros) 2019
A) NON-CURRENT ASSET			
II. Intangible Assets	**5**	**643,425**	0
TOTAL A		**643,425**	0
B) CURRENT ASSETS			
II. Inventories		**0**	150
III. Commercial debtors and other accounts receivables.	**6**	**122,088**	283,939
1. Trade receivables		**112,088**	283,939
3. Other debtors		**10,000**	0
IV. Short-term Investments in affiliated group and associated companies	**6-11**	**626,014**	189,038
VI. Prepayments for currents assets	**6**	**82,608**	0
VII. Cash and equivalent liquid assets	**6**	**219,909**	344,419
TOTAL B		**1,050,619**	817,547
TOTAL ASSET (A + B)		**1,694,043**	817,547

TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**517,560**	1,088
I. Capital	**8**	**3,000**	3,000
1. Share Capital		**3,000**	3,000
II. Reserves		**600**	0
V. Profit/(Loss) from previous periods		**(2,512)**	(3,000)
VII. Result for the period (benefit/losses)	**3**	**516,472**	1,088
TOTAL A		**517,560**	1,088
C) CURRENT LIABILITIES			
IV. Short team debts with Group and Associated companies	**7-11**	**955,479**	613,739
V. Trade creditors and other Accounts payable	**7**	**221,005**	202,720
2. Sundry Creditors		**221,005**	202,720
TOTAL C		**1,176,483**	816,459
TOTAL EQUITY AND LIABILITIES (A + C)		**1,694,043**	817,547

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

PARTICULARS	Notes	(Euros) 2020	(Euros) 2019
1. Turnover		**3,616,321**	1,046,421
6. Personnel expenses	**10**	**(325,160)**	(47,118)
7. Other operating expenses	**10**	**(2,592,372)**	(997,858)
8. Depreciation of fixed assets	**5**	**(11,134)**	0
11. Impairment and result from fixed assets	**5**	**813**	0
A.1) OPERATING INCOME (BENEFIT)		**688,467**	1,445
14. Financial Incomes		**162**	55
15. Financial Expenses		**0**	(50)
A.2) FINANCIAL PROFIT & LOSS (BENEFIT)		**162**	5
A.3) PROFIT BEFORE TAXES (BENEFIT)		**688,629**	1,450
19. Corporate income Tax	**9**	**(172,157)**	(363)
A.5) PROFIT & LOSS IN THE PERIOD (BENEFIT)		**516,472**	1,088

2019/2020 ABRIDGED FINANCIAL REPORT

1. THE COMPANY'S BUSINESS

1.1. Passeport Sante SLU. was set up as an owned limited liability partnership on March 21, 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. In May 9, 2019 the name of the company was changed to Holiday Club Canarias Vacation Club, S.L in a public deed.

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 31st of March every year. The financial period is from April 1 till March 31.
- 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.

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 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, 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

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17, and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remains working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	**216**	**46**	**262**

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.

- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	**1,349**
Available in loan policies	**500**
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2020 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 2018/19.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31st 2020, which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31st 2019, is as follows:

Euros	**2020**	2019
Distribution Balance		
Financial Period Losses	**516,472**	1,088
Distribution	**516,472**	1,088
Legal Reserve	**–**	600
Voluntary reserve	**513,960**	–
Losses accumulated from previous Financial Periods	**2,512**	488
Total	**516,472**	1,088

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. Intangible assets

The intangible assets consist of rights of use of weeks owned by Holiday Club Canarias Sales & Marketing SLU. The value is based on the reposition cost of the weeks plus 50-60% depending on the type of reposition and the difference between updated cadastral value of the week. The right of use of these weeks are depreciated at 3%.

4.2. 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. Corrections of the values haven´t been made.

b) 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.

4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27, of Corporate Tax. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

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. 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.

4.6. 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. INTANGIBLE ASSETS.

5.1. The transactions occurring during the previous period were the following:

Euros	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Rights of Use	–	734,103	(80,357)	**653,746**
Accumulated amortization	–	(11,134)	813	**(10,321)**
Net Totals	–	722,969	(79,544)	**643,425**

5.2. Right of use correspond to Time Share weeks owned by a company of the Group which runs the Company as touristic accommodation.

5.3. Disposals in the financial year correspond to repurchase of the rights of use by the related company, which has generated a profit for the amount of 813 Euros, corresponding to the accumulated amortization of the sold weeks.

5.4. There is no evidence of impairment through March 31.

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	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**748,102**	472,978
Liquid Assets	**–**	–	**–**	–	**219,909**	344,419
Totals	**–**	–	**–**	–	**968,011**	817,397

6.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term, being all clients´ loans and receivables related to sales and services, loans to the personnel and current account with companies of the group and associated for the amount of 112,088 Euros, 10,000 Euros and 626,014 Euros respectively.

6.3. Debt related to clients

There are customer advances for the amount of 150,099 Euros that correspond to accommodation services charges not accrued at the end of the financial year.

6.4 Accrual adjustments

In January, the company assume the debt corresponding to the yearly maintenance fees of the weeks in its intangible assets as rights of use (See note 6). At the end of the financial year there are accrual adjustments related to the not accrued months at March 31, for the amount of 82,608 Euros.

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	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**993,858**	656,468
Totals	**–**	–	**–**	–	**993,858**	656,468

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 955,479 Euros and creditors for services rendered for the amount of 38,379 Euros.

8. EQUITY

8.1. The Share Capital comes to 3,000 Euros, divided into 3000 shares at face value of 1 Euros 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. 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 November 27, 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, SL.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club, S.L.

9.2 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:

Euros	**Profit & Loss Account**	**Inc. & expend. directly attributable to Equity**
Balance of income and expenditure for the financial year	**516,472**	**–**
Profit Tax	**172,157**	**–**
Tax Base (Tax Profit & Loss)	**688,629**	**–**

9.3 Corporate tax assessment:

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 Vacation Club, S.L., for the amount of 688,629 Euros, 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:

Euros	**2020**	2020
Previous Group Tax Base	**0**	**0**
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

9.4 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 2019/20 is the same as the expense for the corporate tax for the amount of 172,157 Euros.

9.5 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, 2018/19 and 2019/20.

9.6 Other taxes

At the closing date, the company is also open to inspection of all the taxes that are applicable to it:

- 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 61,549 Euros is all related to the social security payable by the company for the period 2019/20, being 9,851 Euros for the period 2018/19.

b) External services:

Euros	**2020**	2019
Leases and royalties	**2,003,099**	–
Repairs and conservations	**20,741**	–
Professional services	**10,710**	892,112
Transport	**94,190**	26,600
Insurance premiums	**1,033**	–
Bank Services and Similar	**41,471**	5,727
Advertising	**803**	–
Supplies	**–**	92
Other Services	**420,325**	73,326
Totals	**2,592,372**	997,858

11. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2020 and 2019 with related companies are as follows:

	2020		2019	
Euros	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**782,726**	–	613,739
Holiday Club Canarias Resort Management, SLU	**626,014**	**–**	189,038	–
Holiday Club Canarias Investment, SLU	**–**	**172,157**	–	–
Holiday Club Resort OY	**–**	**595**	–	–
Totals	**626,014**	**955,479**	189,038	613,739

The Company backs the Group Company Holliday Club Canarias Resort Management, SLU in front of a financial institution, related to a loan obtained for that company being the balance at 31st March 2020 156,969 Euros.

All the transactions between related companies were made under normal market conditions.

Transactions during period 2019/20 and 2018/19 between related companies are as follows:

	2020		2019	
Euros	**Services received**	**Services provided**	Services received	Services provided
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**1,805,560**	**78,345**	873,464	–
Holiday Club Canarias Resort Managemet, SLU	**224,212**	**–**	15,106	–
Holiday Club Resort OY	**595**	**128,010**	–	21,348
Totals	**2,030,367**	**206,356**	888,570	21,348

12. OTHER INFORMATION

12.1. Average number of Employees

The average number of persons employed by the Company during the financial periods 2019/20 and 2018/19, distributed by their professional categories, has been as follows:

	Persons	
	2020	2019
Senior Managers	**0.35**	0.06
Administration	**7.25**	1.23
Totals	**7.60**	1.29

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Senior Managers	**1**	**–**	1	–
Administration	**2**	**5**	1	7
Totals	**3**	**5**	2	7

The company has not employed disabled people (more than 33% of disability) for the periods 2019/20 and 2018/19.

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 breakdowns 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 July 5.

The average period for payment to suppliers and creditors is 24 days (35 days for the financial year 2018/19).

Mogán, April 20, 2020

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 period ended March 31, 2020. 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 Directors and the Managing Director 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Other property income	**211.90**	0.00
Property management expenses		
Administration	**(1,207.61)**	(1,136.78)
Property tax	**(1,052.37)**	(1,403.13)
Total	**(2,259.98)**	(2,539.91)
Profit/(Loss)	**(2,048.08)**	(2,539.91)
Financial income and expenses		
Interest income	**10,621.58**	10,591.26
Total financial income and expenses	**10,621.58**	10,591.26
Profit/(Loss) before appropriations and taxes	**8,573.50**	8,051.35
Income taxes	**(1,714.42)**	(1,610.27)
Profit/(Loss) for the financial year	**6,859.08**	6,441.08

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**527,069.84**	527,069.84
Total tangible assets		**527,069.84**	527,069.84
TOTAL NON-CURRENT ASSETS		**527,069.84**	527,069.84
CURRENT ASSETS			
Short-term receivables	2		
Loan receivables from group companies		**561,489.67**	554,687.39
Accrued income		**61.24**	468.81
Total short-term receivables		**561,550.91**	555,156.20
Cash and cash equivalents			
Cash at bank		**117.96**	4.35
Total cash and cash equivalents		**117.96**	4.35
TOTAL CURRENT ASSETS		**561,668.87**	555,160.55
TOTAL ASSETS		**1,088,738.71**	1,082,230.39
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**1,040,077.00**	1,040,077.00
Profit/(Loss) from previous years		**39,302.63**	32,861.55
Profit/(Loss) for the financial year		**6,859.08**	6,441.08
TOTAL EQUITY		**1,088,738.71**	1,081,879.63
BORROWED CAPITAL			
Short-term borrowed capital	4		
Accruals and deferred income		**0.00**	350.76
Total short-term borrowed capital		**0.00**	350.76
TOTAL LIABILITIES		**1,088,738.71**	1,082,230.39

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	527,069.84
Acquisition cost	527,069.84
Book value	**527,069.84**

CURRENT ASSETS

RECEIVABLES

2 Short-term receivables

	Eur	Eur
	2020	2019
Loan receivables from group companies	**561,489.67**	554,687.39
Tax assets	**61.24**	468.81
Total	**561,550.91**	555,156.20

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**1,040,077.00**	1,040,077.00
Building fund in the end of the year	**1,040,077.00**	1,040,077.00
Profit/loss from prev. financial period	**39,302.63**	32,861.55
Profit/loss for the financial year	**6,859.08**	6,441.08
Total equity	**1,088,738.71**	1,081,879.63

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**50.00**	**2,500.00**	50.00	2,500.00
TOTAL	**50.00**	**2,500.00**	50.00	2,500.00

4. SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Accruals and deferred income	**0.00**	350.76
Tax liabilities	**0.00**	0.00
Total	**0.00**	350.76

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 6,859.08. The Board of Directors 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 April 27, 2020

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 April 27, 2020

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, 196186) consisting of the balance sheet as at December 31, 2019, the income statement, and appendices to the balance sheet and the income statement, including the statement of changes in equity and the cash flow statement for the year then ended, as well as explanatory information to the 2019 balance sheet and financial statements, and the key provisions of the accounting policy regulations.

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, 2019, 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 Auditors' 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 auditors' independence and the Auditors' Professional Code of Conduct as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) and performed our other professional duties in compliance with the abovementioned professional standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Management responsibility for the Annual Accounting (Financial) Statement

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. The management is responsible for the control over the preparation of the annual accounting statements of the audited entity.

Auditors' 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 underlying transactions and events in a manner that achieves a fair presentation.

We have communicated to 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.

Responsible for the audit,
Director General I. Y. Kochinskaya

Audit Company
Audit Company SPS, Limited Liability Company (AF SPS, LLC)
Main State Registration Number (OGRN) 1147847428684
Ushakovskaya nab., 3 build. 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

March 20, 2020

BALANCE SHEET AS OF DECEMBER 31, 2019

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**	
Location (address) **191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8**	

Item	Code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets	1110	**–**	–	–
Results of research and development	1120	**–**	–	–
Intangible development assets	1130	**–**	–	–
Tangible development assets	1140	**–**	–	–
Fixed assets	1150	**–**	–	–
Income-bearing investments in tangible assets	1160	**–**	–	–
Financial investments	1170	**–**	–	–
Deferred tax assets	1180	**24,786**	23,315	21,567
Other non-current assets	1190	**–**		–
Total section I	1100	**24,786**	23,315	21,567
II. CURRENT ASSETS				
Inventories	1210	**–**	–	–
Value-added tax on acquired assets	1220	**–**	–	1
Receivables	1230	**513**	1,001	1,453
including:				
suppliers and contractors	12301	**439**	430	35
buyers and customers	12302	**–**	12	–
tax and due payments	12303	**–**	–	450
social ensurance payments	12304	**17**	491	878
staff salary payments	12305	**–**	36	36
settlements with accountable persons	12306	**50**	27	54
settlements with various debtors and creditors	12307	**7**	5	–
Financial investments (except for monetary equivalents)	1240	**–**	–	–
Cash and cash equivalents	1250	**14,548**	6,454	16,458
Other current assets	1260	**66**	65	52
Total section II	1200	**15,127**	7,520	17,964
BALANCE	1600	**39,913**	30,835	39,531

Item	Code	**As of December 31, 2019**	As of December 31, 2018	As of December 31, 2017
LIABILITIES				
III. EQUITY AND RESERVES				
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	**(4,150)**	2,908	10,780
Total section III	1300	**(3,850)**	3,208	11,080
IV. LONG-TERM LIABILITIES				
Loans	1410	**–**	–	–
Deferred tax liabilities	1420	**–**	–	–
Estimated liabilities	1430	**–**	–	–
Other liabilities	1450	**–**	–	–
Total section IV	1400	**–**	–	–
V. SHORT-TERM LIABILITIES				
Loans	1510	**–**	–	–
Payables	1520	**42,752**	26,632	27,472
including:				
suppliers and contractors	15201	**13**	8	86
buyers and customers	15202	**10,104**	13,403	11,553
tax and due payments	15203	**132**	461	502
social ensurance payments	15204	**–**	–	–
staff salary payments	15205	**–**	–	–
settlements with accountable persons	15206	**–**	–	–
settlements with various debtors and creditors	15207	**32,503**	12,760	15,331
Prepaid income	1530	**–**	–	–
Estimated liabilities	1540	**1,011**	995	979
Other liabilities	1550	**–**	–	–
Total section V	1500	**43,763**	27,627	28,451
BALANCE	1700	**39,913**	30,835	39,531

Kuznetsova Irina Sergeyevna
Director

March 20, 2020

FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2019

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**	

Item	**Code**	**January - December 2019**	January - December 2018
Revenue	2110	**6,508**	11,503
Cost of sales	2120	**–**	–
Gross profit/(loss)	2100	**6,508**	11,503
Commercial expenses	2210	**–**	–
Administrative expenses	2220	**(18,247)**	(18,571)
Sales profit/(loss)	2200	**(11,739)**	(7,068)
Income from participation in other organizations	2310	**–**	–
Interest receivable	2320	**–**	–
Interest payable	2330	**–**	–
Other income	2340	**10,387**	11,690
Other expenses	2350	**(7,177)**	(14,242)
Profit/(loss) before taxation	2300	**(8,529)**	(9,620)
Current profit tax	2410	**–**	–
including permanent tax liabilities (assets)	2421	**(235)**	(176)
Change in deferred tax liabilities	2430	**–**	–
Change in deferred tax assets	2450	**1,471**	1,748
Other	2460	**–**	–
Net profit/(loss)	2400	**(7,058)**	7,872
FOR REFERENCE			
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	**(7,058)**	(7,872)
Basic earnings (loss) per common share	2900	**–**	**–**
Diluted earnings (loss) per common share	2910	**–**	**–**

Kuznetsova Irina Sergeyevna
Director

March 20, 2020

AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-Aikakiinteistöt Oy LKV

Opinion

We have audited the financial statements of Suomen Vapaa-Aikakiinteistöt Oy LKV (business identity code 2306829-4) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
Adminsitration Expense			
Other operating expenses	**1**	**1,292.64**	1,339.24
Profit/(Loss)		**(1,292.64)**	(1,339.24)
Financial income and expenses	**2**		
Interest income from companies in the same Group		**183.98**	183.48
Total financial income and expenses		**183.98**	183.48
Profit before appropriations and taxes		**(1,108.66)**	(1,155.76)
Profit/(Loss) for the financial year		**(1,108.66)**	(1,155.76)

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	**3**	**10,226.00**	10,042.02
Total short-term receivables		**10,226.00**	10,042.02
Cash and cash equivalents			
Cash at bank		**6,741.64**	8,034.28
Total cash and cash equivalents		**6,741.64**	8,034.28
TOTAL CURRENT ASSETS		**16,967.64**	18,076.30
TOTAL ASSETS		**16,967.64**	18,076.30
LIABILITIES			
EQUITY	**4**		
Share capital		**2,500.00**	2,500.00
Profit/(Loss) from previous years		**14,876.30**	16,032.06
Profit/(Loss) for the financial year		**(1,108.66)**	(1,155.76)
TOTAL EQUITY		**16,267.64**	17,376.30
BORROWED CAPITAL			
Accruals and deferred income	**5**	**700.00**	700.00
Total short-term borrowed capital		**700.00**	700.00
TOTAL LIABILITIES		**16,967.64**	18,076.30

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 finacial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation and amortisation principles and methods

Revenues and expenses are amortised on an accrual 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.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR 1,108.66 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.
A shareholder and a company have the right to redeem a share transfered from another owner than the company to another.

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 2020	Eur 2019
Other business expenses	**1,292.64**	1,339.24
Total	**1,292.64**	1,339.24

2. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Interest income from companies in the same Group	**183.48**	183.48
Total financial income and expenses	**183.48**	183.48

NOTES TO THE BALANCE SHEET

ASSETS

CURRENT ASSETS RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 2020	Eur 2019
Receivables from companies in the same Group	**10,226.00**	10,042.02
Total	**10,226.00**	10,042.02

LIABILITIES

4. EQUITY

	Eur 2020	Eur 2019
Share Capital	**2,500.00**	2,500.00
Share capital	**2,500.00**	2,500.00
Profit/loss from prev. financial period	**14,876.30**	16,032.06
Profit/loss for the financial year	**(1,108.66)**	(1,155.76)
Total equity	**16,267.64**	17,376.30

NOTES TO THE FINANCIAL STATEMENTS

5. SHORT-TERM BORROWED CAPITAL

	Eur 2020	Eur 2019
Accruals and deferred income	**700.00**	700.00
Total	**700.00**	700.00

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Tapio Anttila
CEO
Chair of the Board of Directors'

Riku Rauhala
Board Member

Anne Oravainen
Board Member
(resigned November 19, 2019)

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG Oy Ab

Esa Kailiala
KHT

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Vanha Ykköstii

Opinion

We have audited the financial statements of Kiinteistö Oy Vanha Ykköstii (business identity code 2425177-9) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,217.13)**	(1,254.13)
Property tax	**(477.49)**	(636.64)
Total	**(1,694.62)**	(1,890.77)
Profit/(Loss)	**(1,694.62)**	(1,890.77)
Financial income and expenses		
Interest charges	**0.00**	0.00
Total financial income and expenses	**0.00**	0.00
Profit before appropriations and taxes	**(1,694.62)**	(1,890.77)
Group contribution	**6,850.00**	6,000.00
Income taxes	**6.95**	0.00
Profit/(Loss) for the financial year	**5,148.43**	4,109.23

BALANCE SHEET AS AT MARCH 31, 2020

BALANCE SHEET	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		52,142.00	52,142.00
Total tangible assets		52,142.00	52,142.00
TOTAL NON-CURRENT ASSETS		52,142.00	52,142.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	11,050.00	6,000.00
Total short-term receivables		11,050.00	6,000.00
Cash and cash equivalents			
Cash at bank		101.88	155.65
Total cash and cash equivalents		101.88	155.65
TOTAL CURRENT ASSETS		11,151.88	6,155.65
TOTAL ASSETS		63,293.88	58,297.65
LIABILITIES			
EQUITY	2		
Share capital		2,500.00	2,500.00
Invested unrestricted equity fund		60,762.15	60,762.15
Profit/(Loss) from previous years		(5,123.65)	(9,232.88)
Profit/(Loss) for the financial year		5,148.43	4,109.23
TOTAL EQUITY		63,286.93	58,138.50
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		6.95	0.00
TOTAL LIABILITIES		6.95	0.00
Short-term borrowed capital	3		
Accruals and deferred income		0.00	159.15
Total short-term borrowed capital		0.00	159.15
TOTAL LIABILITIES		63,293.88	58,297.65

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 01.04	52,142.00
Acquisition cost 31.03	52,142.00
Book value 31.03	**52,142.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	11,050.00
Total	**11,050.00**

3 LIABILITIES

EQUITY	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**60,762.15**	60,762.15
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**60,762.15**	60,762.15
Profit/(Loss) from prev. financial period	**(5,123.65)**	(9,232.88)
Profit/(Loss) for the financial year	**5,148.43**	4,109.23
Total equity	**63,286.93**	58,138.50

4 Short-term borrowed capital	Eur 2020	Eur 2019
Deferred tax liabilities	**6.95**	0
Accruals and deferred income	**0.00**	159.15
Total short-term borrowed capital	**6.95**	159.15

BREAKDOWN OF SHARE CAPITAL

		2020		2019
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

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 Directors' proposal for profit distribution

Profit for the financial year EUR 5,148.43. The Board of Directors 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 April 27, 2020

Riku Rauhala Chair of the Board of Directors	**Ville Valtanen** Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020
KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

Opinion

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the period ended March 31, 2020. 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 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,096.26)**	(1,227.83)
Property tax	**(66.15)**	(88.20)
Total	**(1,162.41)**	(1,316.03)
Profit/(loss)	**(1,162.41)**	(1,316.03)
Profit/(loss) before appropriations and taxes	**(1,162.41)**	(1,316.03)
Group contribution	**8,200.00**	6,000.00
Income taxes	**21.96**	–
Profit/(loss) for the financial year	**7,015.63**	4,683.97

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**307,229.00**	307,229.00
Total tangible assets		**307,229.00**	307,229.00
TOTAL NON-CURRENT ASSETS		**307,229.00**	307,229.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**13,100.00**	6,000.00
Total short-term receivable		**13,100.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**21.81**	106.27
Total cash and cash equivalents		**21.81**	106.27
TOTAL CURRENT ASSETS		**13,121.81**	6,106.27
TOTAL ASSETS		**320,350.81**	313,335.27
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**317,741.01**	317,741.01
Net Profit/(Loss) from previous years		**(6,927.79)**	(11,611.76)
Net Profit/(Loss) for the financial year		**7,015.63**	4,683.97
TOTAL EQUITY		**320,328.85**	313,313.22
LIABILITIES			
Deferred tax liabilities		**21.96**	0.00
TOTAL LIABILITIES		**21.96**	0.00
Short-term borrowed capital	4		
Other current liabilities		**0.00**	22.05
Total short-term borrowed capital		**0.00**	22.05
TOTAL LIABILITIES		**320,350.81**	313,335.27

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 01.04	307,229.00
Acquisition cost 31.03	307,229.00
Book value 31.03.	**307,229.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	13,100.00
Total	**13,100.00**

3 LIABILITIES

	Eur	Eur
	2020	2019
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**317,741.01**	317,741.01
Invested unrestricted equity fund in the end of the year	**317,741.01**	317,741.01
Profit/(Loss) from prev. financial period	**(6,927.79)**	(11,611.76)
Profit/(Loss) for the financial year	**7,015.63**	4,683.97
Total equity	**320,328.85**	313,313.22

4 Borrowed capital

	Eur	Eur
	2020	2019
Deferred tax liabilities	**21.96**	0
Accruals and deferred income	**0.00**	22.05
Total borrowed capital	**21.96**	22.05

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

NOTES TO THE BALANCE SHEET

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 7,015.63. The Board of Directors 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 April 27, 2020

Riku Rauhala
Chair of the Board of Director's

Tapio Anttila
Board member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the period ended March 31, 2020. 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 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 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 Directors' and 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 April 27, 2020
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,205.81)**	(1,245.41)
Property tax	**(93.39)**	(124.51)
Total	**(1,299.20)**	(1,369.92)
Profit/(loss)	**(1,299.20)**	(1,369.92)
Profit/(Loss) before appropriations and taxes	**(1,299.20)**	(1,369.92)
Group contribution	**4,750.00**	6,000.00
Income taxes	**(8.46)**	0.00
Profit/(loss) for the financial year	**3,442.34**	4,630.08

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**108,666.66**	108,666.66
Total tangible assets		**108,666.66**	108,666.66
TOTAL NON-CURRENT ASSETS		**108,666.66**	108,666.66
CURRENT ASSETS			
Short-term receivables	2		
Total short-term receivables		**9,550.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**37.93**	168.25
Total cash and cash equivalents		**37.93**	168.25
TOTAL CURRENT ASSETS		**9,587.93**	6,168.25
TOTAL ASSETS		**118,254.59**	114,834.91
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**115,712.28**	115,712.28
Profit/(loss) from previous years		**(3,408.49)**	(8,038.57)
Profit/(loss) for the financial year		**3,442.34**	4,630.08
TOTAL EQUITY		**118,246.13**	114,803.79
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**8.46**	0.00
TOTAL LIABILITIES		**8.46**	0.00
Short-term borrowed capital	4		
Accruals and deferred income		**0.00**	31.12
Total short-term borrowed capital		**0.00**	31.12
TOTAL LIABILITIES		**118,254.59**	114,834.91

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible assets

	Eur Land areas
Acquisition cost	108,666.66
Acquisition cost	108,666.66
Book value	**108,666.66**

2. Short-term receivables

	Eur
Receivables from the companies in the same group	9,550.00
Total	**9,550.00**

3. Liabilities

	Eur 2020	Eur 2019
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**115,712.28**	115,712.28
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**115,712.28**	115,712.28
Profit/(Loss) from prev. financial period	**(3,408.49)**	(8,038.57)
Profit/(Loss) for the financial year	**3,442.34**	4,630.08
Total equity	**118,246.13**	114,803.79

4. Short-term borrowed capital

	Eur 2020	Eur 2019
Deferred tax liabilities	**8.46**	0.00
Accruals and deferred income	**0.00**	31.12
Total short-term borrowed capital	**8.46**	31.12

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

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 3,442.34. The Board of Directors proposes to the Annual General Meeting that the Profit be transferred to equity and that no dividends be distributed.

NOTES TO THE BALANCE SHEET

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala	**Tapio Anttila**
Chair of the Board of Director's	Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

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 period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER			
Considerations		**16,380.00**	18,867.00
Total		**16,380.00**	18,867.00
Property management expenses			
Administration		**(1,092.57)**	(999.59)
Operation and maintenance		**(64.75)**	(44.90)
Water and sewage		**(765.99)**	(138.77)
Electricity		**(9,154.25)**	(11,783.89)
Indemnity insurance		**(273.03)**	(264.72)
Rents		**(1,034.07)**	(1,783.60)
Property tax		**(547.43)**	(719.15)
Repairs		**(5,262.91)**	(2,782.67)
Total		**(18,959.58)**	(18,517.29)
Profit/(loss)		**(2,579.58)**	349.71
Financial income and expenses			
Interest income		**1,817.64**	1,813.39
Interest charges		**0.00**	0.00
Total financial income and expenses		**1,817.64**	1,813.39
Profit before appropriations and taxes		**(761.94)**	2,163.10
Profit/(loss) for the financial year		**(761.94)**	2,163.10

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Buildings and structures		**200,000.00**	200,000.00
Machines and equipment		**5,000.00**	5,000.00
Total tangible assets		**205,000.00**	205,000.00
TOTAL NON-CURRENT ASSETS		**205,000.00**	205,000.00
CURRENT ASSETS			
Short-term receivables	2		
Accounts receivable		**0.00**	3,144.50
Receivables from companies in the same Group		**90,843.02**	89,025.38
Accrued income		**0.00**	0.00
Total short-term receivables		**90,843.02**	92,169.88
Cash and cash equivalents			
Cash at bank		**9,184.40**	6,652.44
Total cash and cash equivalents		**9,184.40**	6,652.44
TOTAL CURRENT ASSETS		**100,027.42**	98,822.32
TOTAL ASSETS		**305,027.42**	303,822.32
LIABILITIES			
EQUITY	3		
Share capital		**9,000.00**	9,000.00
Building fund		**836,372.70**	836,372.70
Profit/(loss) from previous years		**(543,224.14)**	(545,387.24)
Profit/(loss) for the financial year		**(761.94)**	2,163.10
TOTAL EQUITY		**301,386.62**	302,148.56
BORROWED CAPITAL			
Short-term borrowed capital	4		
Trade payables		**2,814.12**	0.00
Accruals and deferred income		**826.68**	1,673.76
Total short-term borrowed capital		**3,640.80**	1,673.76
TOTAL LIABILITIES		**305,027.42**	303,822.32

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.
The acquisition cost of the building will be depreciated over its useful life.

No tax depreciation was made in the financial year 2019-2020, as the acquisition cost still corresponds to the fair value of the building.

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

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.	200,000.00	5,000.00	205,000.00
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	200,000.00	5,000.00	205,000.00
Accumulated depreciation 1.4.	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
Book value 31.3.	**200,000.00**	**5,000.00**	**205,000.00**

CURRENT ASSETS

RECEIVABLES

2. Short-term receivables

	Eur 2020	Eur 2019
Accounts receivable	**0.00**	3,144.50
Receivables from companies in the same Group	**90,843.02**	89,025.38
Other accrued income	**0.00**	0.00
TOTAL	**90,843.02**	92,169.88

3. LIABILITIES

EQUITY	**Eur 2020**	Eur 2019
Share capital in the beginning of the year	**9,000.00**	9,000.00
Share capital in the end of the year	**9,000.00**	9,000.00
Building fund in the beginning of the year	**836,372.70**	836,372.70
Building fund in the end of the year	**836,372.70**	836,372.70
Profit/(Loss) from prev. financial period	**(543,224.14)**	(545,387.24)
Profit/(Loss) for the financial year	**(761.94)**	2,163.10
Total equity	**301,386.62**	302,148.56

The company has no distributable assets

4. Short-term borrowed capital

	Eur 2020	Eur 2019
Trade payables	**2,814.12**	0.00
Accruals and deferred income	**826.68**	1,673.76
Total borrowed capital	**3,640.80**	1,673.76

NOTES TO THE BALANCE SHEET

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**45.00**	**9,000.00**	45.00	9,000.00
Total	**45.00**	**9,000.00**	45.00	9,000.00

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Tapio Anttila
Chair of the Board of Director's

Riku Rauhala
Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

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 period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,227.35)**	(1,153.08)
Outdoor area management	**(1,488.00)**	(1,488.00)
Property tax	**(198.39)**	(233.37)
Total	**(2,913.74)**	(2,874.45)
Profit/(loss)	**(2,913.74)**	(2,874.45)
Financial income and expenses		
Interest charges	**0.00**	(15.31)
Total financial income and expenses	**0.00**	(15.31)
Profit before appropriations and taxes	**(2,913.74)**	(2,889.76)
Group contribution	**12,000.00**	6,000.00
Profit/(loss) for the financial year	**9,086.26**	3,110.24

BALANCE SHEET AS AT MARCH 31, 2020

		Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**124,800.00**	124,800.00
Total tangible assets		**124,800.00**	124,800.00
TOTAL NON-CURRENT ASSETS		**124,800.00**	124,800.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**14,316.69**	6,000.00
Total short-term receivables		**14,316.69**	6,000.00
Cash and cash equivalents			
Cash at bank		**27.75**	199.81
Total cash and cash equivalents		**27.75**	199.81
TOTAL CURRENT ASSETS		**14,344.44**	6,199.81
TOTAL ASSETS		**139,144.44**	130,999.81
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**124,800.00**	124,800.00
Invested unrestricted equity fund		**13,636.76**	13,636.76
Profit/(Loss) from prev. financial period		**(10,878.58)**	(13,988.82)
Profit/(Loss) for the financial year		**9,086.26**	3,110.24
TOTAL EQUITY		**139,144.44**	130,058.18
BORROWED CAPITAL			
Short-term borrowed capital	4		
Debts to companies in the same group		**0.00**	883.31
Accruals and deferred income		**0.00**	58.32
Total short-term borrowed capital		**0.00**	941.63
TOTAL LIABILITIES		**139,144.44**	130,999.81

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	124,800.00
Acquisition cost 31.3.	124,800.00
Book value 31.3.	**124,800.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	14,316.69
Total	**14,316.69**

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**124,800.00**	124,800.00
Building fund in the end of the year	**124,800.00**	124,800.00
Invested unrestricted equity fund in the beginning of the year	**13,636.76**	13,636.76
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**13,636.76**	13,636.76
Profit/(Loss) from prev. financial period	**(10,878.58)**	(13,988.82)
Profit/(Loss) for the financial year	**9,086.26**	3,110.24
Total equity	**139,144.44**	130,058.18

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

4 Short-term borrowed capital

	Eur	Eur
	31.3.2020	31.3.2019
Debts to companies in the same group	**0.00**	883.31
Accruals and deferred income	**0.00**	58.32
Total short-term borrowed capital	**0.00**	941.63

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 9,086.26. The Board of Directors proposes to the Annual General Meeting that the profit transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

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 period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,230.05)**	(1,151.73)
Outdoor area management	**(2,219.10)**	(2,219.10)
Property tax	**(324.38)**	(381.62)
Total	**(3,773.53)**	(3,752.45)
Profit/(Loss)	**(3,773.53)**	(3,752.45)
Profit / (Loss) before appropriations and taxes	**(3,773.53)**	(3,752.45)
Group contribution	**33,000.00**	6,000.00
Income taxes	**49.91**	0.00
Profit / (Loss) for the financial year	**29,176.56**	2,247.55

BALANCE SHEET AS AT MARCH 31, 2020

	Note	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**202,800.00**	202,800.00
Total tangible assets		**202,800.00**	202,800.00
TOTAL NON-CURRENT ASSETS		**202,800.00**	202,800.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**35,100.00**	6,000.00
Total short-term receivables		**35,100.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**52.97**	21.90
Total cash and cash equivalents		**52.97**	21.90
TOTAL CURRENT ASSETS		**35,152.97**	6,021.90
TOTAL ASSETS		**237,952.97**	208,821.90
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**202,800.00**	202,800.00
Invested unrestricted equity fund		**32,555.11**	32,555.11
Profit / (Loss) from prev. financial period		**(29,128.61)**	(31,376.16)
Profit / (Loss) for the financial year		**29,176.56**	2,247.55
TOTAL EQUITY		**237,903.06**	208,726.50
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**49.91**	0.00
TOTAL LIABILITIES			
Short-term borrowed capital			
Accruals and deferred income	4	**0.00**	95.40
Total short-term borrowed capital		**0.00**	95.40
TOTAL LIABILITIES		**237,952.97**	208,821.90

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 1.4.	202,800.00
Acquisition cost 31.3.	202,800.00
Book value 31.3.	**202,800.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	35,100.00
Total	**35,100.00**

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**202,800.00**	202,800.00
Building fund in the end of the year	**202,800.00**	202,800.00
Invested unrestricted equity fund in the beginning of the year	**32,555.11**	32,555.11
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**32,555.11**	32,555.11
Profit / (Loss) from prev. financial period	**(29,128.61)**	(31,376.16)
Profit / (Loss) for the financial year	**29,176.56**	2,247.55
Total equity	**237,903.06**	208,726.50

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	Eur	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

4 Short-term borrowed capital

	Eur	Eur
	3.31.2020	3.31.2019
Deferred tax liabilities	**49.91**	0.00
Accruals and deferred income	**0.00**	95.40
Total short-term borrowed capital	**0.00**	95.40

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 29,176.56. The Board of Directors 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 April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö OyTiurunniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2452737-6) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED March 31, 2020

	appendix	Eur 2020	Eur 2019
Property management expenses			
Administration		**(1,217.93)**	(1,150.86)
Property tax		**(1,749.78)**	(2,256.51)
Total		**(2,967.71)**	(3,407.37)
Profit/(loss)		**(2,967.71)**	(3,407.37)
Financial income and expenses			
Interest charges		**0.00**	(14.50)
Total financial income and expenses		**0.00**	(14.50)
Profit/(Loss) before appropriations and taxes		**(2,967.71)**	(3,421.87)
Group contribution		**40,750.00**	6,000.00
Income taxes		**0.78**	0.00
Profit/(loss) for the financial year		**37,781.51**	2,578.13

BALANCE SHEET AS AT March 31, 2020

	appendix	**Eur 2020**	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**360,000.00**	360,000.00
Total tangible assets		**360,000.00**	360,000.00
TOTAL NON-CURRENT ASSETS		**360,000.00**	360,000.00
CURRENT ASSETS			
Short-term receivables			
Total short-term receivables	2	**42,806.50**	6,000.00
Cash and cash equivalents			
Cash at bank		**53.23**	785.06
Total cash and cash equivalents		**53.23**	785.06
TOTAL CURRENT ASSETS		**42,859.73**	6,785.06
TOTAL ASSETS		**402,859.73**	366,785.06
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**977,588.63**	977,588.63
Profit/(loss) from previous years		**(615,011.19)**	(617,589.32)
Profit/(loss) for the financial year		**37,781.51**	2,578.13
TOTAL EQUITY		**402,858.95**	365,077.44
LIABILITIES			
Deferred tax liabilities		**0.78**	0.00
TOTAL LIABILITIES		**0.78**	0.00
Short-term borrowed capital	4		
Debts from companies in the same group		**0.00**	1,143.50
Accruals and deferred income		**0.00**	564.12
Total short-term borrowed capital		**0.00**	1,707.62
TOTAL LIABILITIES		**402,859.73**	366,785.06

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 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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 1.4	937,229.00
Accrued deductions	(577,229.00)
Acquisition cost 31.3.	**360,000.00**
Book value 31.3.	**360,000.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	42,806.50
Total	**42,806.50**

LIABILITIES

3 Equity

	Eur	Eur
	2020	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**977,588.63**	977,588.63
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**977,588.63**	977,588.63
Profit/(loss) from prev. financial period	**(615,011.19)**	(617,589.32)
Profit/(loss) for the financial year	**37,781.51**	2,578.13
Total equity	**402,858.95**	365,077.44

4 Short-term borrowed capital

	Eur	Eur
	2020	2019
Deferred tax liabilities	**0.78**	0.00
Debts from companies in the same group	**0.00**	1,143.50
Accruals and deferred income	**0.00**	564.12
Total short-term borrowed capital	**0.78**	1,707.62

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**2,500.00**	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	**2,500.00**	2,500.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 37,781.51. The Board of Directors 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 April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Liikekiinteistöt 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Liikekiinteistöt 1 (business identity code 2384842-6) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER	1	**835,092.09**	893,290.62
Other operating income		**500.00**	0.00
External expenses	2	**10,585.03**	14,084.54
Depreciation and impairments	3	**368,614.54**	373,973.40
Other operating expenses	4	**259,562.03**	272,938.42
Total		**638,761.60**	660,996.36
Profit/(Loss)		**196,830.49**	232,294.26
Financial income and expenses	5		
Interest charges		**(163,734.33)**	(179,874.04)
Total financial income and expenses		**(163,734.33)**	(179,874.04)
Profit before appropriations and taxes		**33,096.16**	52,420.22
Change in depreciation difference	6	**(13,070.54)**	0.00
Profit/(Loss) for the financial year		**46,166.70**	52,420.22

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	7	8,540,432.50	8,909,047.04
Investments			
Other receivables	8	93,603.26	93,603.26
Total tangible assets		8,634,035.76	9,002,650.30
TOTAL NON-CURRENT ASSETS		8,634,035.76	9,002,650.30
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	9	85,890.68	241,274.71
Total short-term receivables		85,890.68	241,274.71
Cash and cash equivalents			
Cash at bank		42,183.39	7,123.51
Total cash and cash equivalents		42,183.39	7,123.51
TOTAL CURRENT ASSETS		128,074.07	248,398.22
TOTAL ASSETS		8,762,109.83	9,251,048.52
LIABILITIES			
EQUITY	10		
Share capital		2,500.00	2,500.00
Building fund		4,873,919.95	4,873,919.95
Profit/(Loss) from previous years		(3,094,864.79)	(3,147,285.01)
Profit/(Loss) for the financial year		46,166.70	52,420.22
TOTAL EQUITY		1,827,721.86	1,781,555.16
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation difference	11	15,237.33	28,307.87
BORROWED CAPITAL			
Long-term borrowed capital	12	3,000,000.00	3,500,000.00
Short-term borrowed capital	13	3,919,150.64	3,941,185.49
TOTAL BORROWED CAPITAL		6,919,150.64	7,441,185.49
TOTAL LIABILITIES		8,762,109.83	9,251,048.52

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 finacial 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

Board of Directors 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 46,166.70 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 2020**	Eur 2019
Rent revenues	**830,354.82**	874,400.00
Service revenues	**4,737.27**	18,890.62
Other revenues	**500.00**	0.00
TOTAL	**835,592.09**	893,290.62

2. MATERIALS AND SERVICES

	Eur 2020	Eur 2019
Outsourced services	**10,585.03**	14,084.54
TOTAL	**10,585.03**	14,084.54

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur 2020	Eur 2019
Store and warehouse buildings	**314,372.00**	314,372.01
Building elements	**43,535.52**	43,535.52
Machines and equipment	**1,107.02**	6,465.87
Other tangible assets	**5,500.00**	5,500.00
Civil defence shelters	**4,100.00**	4,100.00
Total	**368,614.54**	373,973.40

4. OTHER OPERATING EXPENSES

	Eur 2020	Eur 2019
Machine and equipment rents	**0.00**	0.00
Operating and maintenance expenses	**13,886.15**	18,708.66
Property management expenses	**233,083.05**	242,928.41
Other business expenses	**12,592.83**	11,301.35
Total	**259,562.03**	272,938.42

5. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Interest expenses to companies in the same Group	**71,402.15**	65,976.56
Other interest expenses	**92,332.18**	113,897.48
Total interest expenses	**163,734.33**	179,874.04

6. APPROPRIATIONS

	Eur 2020	Eur 2019
Building elements	**(15,172.81)**	1,383.19
Machines and equipment	**2,102.27**	(1,383.19)
Total	**(13,070.54)**	0.00

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 1.4.2019	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
Acquisition cost 31.3.2020	**329,375.58**	**13,031,876.36**	**111,741.31**	**165,000.00**	**13,637,993.25**
Accumulated depreciation and impairments	**0.00**	(4,589,847.22)	(107,473.99)	(31,625.00)	(4,728,946.21)
Depreciation for the financial year	**0.00**	(362,007.52)	(1,107.02)	(5,500.00)	(368,614.54)
Accumulated depreciation	**0.00**	**(4,951,854.74)**	**(108,581.01)**	**(37,125.00)**	**(5,097,560.75)**
Book value 31.3.2020	**329,375.58**	**8,080,021.62**	**3,160.30**	**127,875.00**	**8,540,432.50**

8 OTHER RECEIVABLES

	Eur	Eur
	Other receivables	Other receivables
	2020	2019
Acquisition cost 1.4.2019	**93,603.26**	93,603.26
Acquisition cost 31.3.2020	**93,603.26**	93,603.26
Book value 31.3.2020	**93,603.26**	93,603.26

9. SHORT-TERM RECEIVABLES

	Eur	Eur
	2020	2019
Receivables from companies in the same Group	**84,000.00**	241,274.71
Accrued income	**1,890.68**	0.00
Total	**85,890.68**	241,274.71

LIABILITIES

10. EQUITY

	Eur	Eur
	2020	2019
Share capital 1.4.	**2,500.00**	2,500.00
Share capital 31.3.	**2,500.00**	2,500.00
Building fund 1.4	**4,873,919.95**	4,873,919.95
Building fund 31.3.	**4,873,919.95**	4,873,919.95
Profit/(Loss) from prev. financial period 1.4	**(3,094,864.79)**	(3,147,285.01)
Profit/(Loss) for the financial year	**46,166.70**	52,420.22
Total equity	**1,827,721.86**	1,781,555.16

CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	Eur
	2020	2019
Profit/loss from prev. financial period 1.4.	**(3,094,864.79)**	(3,147,285.01)
Profit/loss for the financial year	**46,166.70**	52,420.22
Total	**(3,048,698.09)**	(3,094,864.79)

11. ACCUMULATED APPROPRIATIONS

	Eur	Eur
	2020	2019
Depreciation difference retail and warehouse buildings	**26,364.54**	26,364.54
Depreciation difference on building elements	**57,943.21**	73,116.02
Depreciation difference on machines and equipment	**(69,070.42)**	(71,172.69)
Total accumulated depreciation difference	**15,237.33**	28,307.87

12. LONG-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Loans from financial institutions	**3,000,000.00**	3,500,000.00
Total long-term borrowed capital	**3,000,000.00**	3,500,000.00

13. SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Loans from financial institutions	**500,000.00**	1,000,000.00
Trade payables	**3,689.53**	5,104.96
Liabilities for companies in the same Group	**3,350,094.64**	2,869,692.49
Other liabilities	**18,960.80**	13,189.74
Accruals and deferred income	**46,405.67**	53,198.30
Total short-term borrowed capital	**3,919,150.64**	3,941,185.49

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Eur
	2020	2019
Accrued interest expense	**20,421.20**	25,422.92
Reserve for missing purchase invoices	**25,984.47**	27,775.38
Total	**46,405.67**	53,198.30

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur	Eur
	2020	2019
Loans from financial institutions	**3,500,000.00**	4,500,000.00
Total	**3,500,000.00**	4,500,000.00
Mortgages	**10,000,000.00**	10,000,000.00
Total	**10,000,000.00**	10,000,000.00

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 1,150,588.23 as of March 31, 2020.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 46,166.70. The Board of Directors 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 April 27, 2020

Marko Hiltunen
Chair of the Board of Directors
CEO

Riku Rauhala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
KHT

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 period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER		**399,046.04**	382,038.84
Other operating income		**65,724.42**	106,447.82
Materials and services			
Materials, supplies and goods		**0.00**	0.00
Purchases during the financial year		**(295,968.83)**	(283,424.60)
Change in inventory		**4,140.47**	560.39
External services	1	**(54,643.28)**	(59,659.73)
		(346,471.64)	(342,523.94)
Personnel expenses			
Salaries and fees	2	**(39,399.04)**	(38,778.12)
Social security costs			
Pension expenses		**(8,147.22)**	(7,023.36)
Other social security costs		**(1,219.48)**	698.08
		(48,765.74)	(45,103.40)
Depreciation and impairments			
Planned depreciation	3	**(3,632.10)**	(13,028.80)
Other operating expences			
Other operating expenses	4	**(55,502.76)**	(58,944.89)
		(59,134.86)	(71,973.69)
Profit/(loss)		**10,398.22**	28,885.63
Financial income and expenses	5		
Interest income			
Other interest income		**0.01**	17.35
Interest income in the same group		**1,353.00**	0.00
Interest charges			
for companies in the same Group		**(159.58)**	(250.00)
for others		**0.00**	(62.15)
Tax Increases and increases, non-deductible		**(1.34)**	0.00
Total financial income and expenses		**1,192.09**	(294.80)
Profit/(Loss) before extraordinary items		**11,590.31**	28,590.83
Profit before appropriations and taxes		**11,590.31**	28,590.83
Profit/(Loss) for the financial year		**11,590.31**	28,590.83

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	**Eur 2020**	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6		
Other capitalised long-term expenditures		**0.00**	2,237.14
Tangible assets	7		
Machines and equipment		**0.00**	1,219.96
Other tangible assets		**0.00**	175.00
Investments			
Shares and participations		**1,000.00**	1,000.00
Total tangible assets		**1,000.00**	2,394.96
TOTAL NON-CURRENT ASSETS		**1,000.00**	2,394.96
CURRENT ASSETS		**1,000.00**	4,632.10
Current assets			
Materials and supplies		**14,824.34**	11,217.18
Short-term receivables	8		
Accounts receivable		**0.00**	0.00
Receivables from companies in the same Group		**181,713.98**	177,434.49
Other receivables		**1,072.96**	4,143.11
Accrued income		**637.49**	467.16
Total short-term receivables		**183,424.43**	182,044.76
Cash and cash equivalents			
Cash at bank		**16,953.16**	24,419.36
Total cash and cash equivalents		**16,953.16**	24,419.36
TOTAL CURRENT ASSETS		**215,201.93**	217,681.30
TOTAL ASSETS		**216,201.93**	222,313.40
LIABILITIES			

BALANCE SHEET AS AT MARCH 31, 2020 (Contd)

	appendix	Eur 2020	Eur 2019
EQUITY	9		
Share capital		**100,000.00**	100,000.00
Invested unrestricted equity fund		**1,023,860.96**	1,023,860.96
Profit/(Loss) from previous years		**(953,795.89)**	(982,386.72)
Profit/(Loss) for the financial year		**11,590.31**	28,590.83
TOTAL EQUITY		**181,655.38**	170,065.07
BORROWED CAPITAL			
Short-term borrowed capital	10		
Trade payables		**6,492.34**	5,546.35
Liabilities for companies in the same Group		**12,388.08**	16,928.69
Other liabilities		**1,847.19**	11,622.64
Accruals and deferred income	11	**13,818.94**	18,150.65
		34,546.55	52,248.33
TOTAL BORROWED CAPITAL		**34,546.55**	52,248.33
TOTAL LIABILITIES		**216,201.93**	222,313.40

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 finacial 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.

Board of Directors 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 11,590.31 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 2020	Eur 2019
Outsourced services	**54,643.28**	59,659.73
Other personnel expenses		
TOTAL	**54,643.28**	59,659.73

2. PERSONNEL
Average number

	2020	**2020**
Officers	1	1
Employees	0	0
TOTAL	1	1

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur 2020	Eur 2019
Other capitalised long-term expenditures	**(2,237.14)**	(3,030.49)
Machines and equipment	**(1,219.96)**	(9,788.31)
Other tangible assets	**(175.00)**	(210.00)
TOTAL	**(3,632.10)**	(13,028.80)

4. OTHER OPERATING EXPENSES

	Eur 2020	Eur 2019
Marketing expenses	**(2,522.22)**	(3,363.13)
Operating and maintenance expenses	**(4,412.94)**	(5,212.24)
Rents	**(27,785.64)**	(28,444.43)
Other expenses	**(20,781.96)**	(21,925.09)
TOTAL	**(55,502.76)**	(58,944.89)

5. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Other interest income	**0.01**	17.35
Interest income in the same group	**1,353.00**	0
TOTAL	**1,353.01**	17.35
Interest expenses to companies in the same Group	**(159.58)**	(250.00)
Other interest expenses	**0.00**	(62.15)
Tax Increases and increases, non-deductible	**(1.34)**	0.00
Total interest expenses	**(160.92)**	(312.15)
Total financial income and expenses	**1,192.09**	(294.80)

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**
Eur		
Acquisition cost at the start of the financial year	**19,694.43**	**19,694.43**
Acquisition cost	**19,694.43**	**19,694.43**
Accumulated planned depreciation at the start of the financial year	**(17,457.29)**	**(17,457.29)**
Depreciation for the financial year	**(2,237.14)**	**(2,237.14)**
Accumulated planned depreciation at the end of the financial year	**(19,694.43)**	**(19,694.43)**
Book value	**0.00**	**0.00**

7. TANGIBLE ASSETS

	Machines and equipment	Other tangible assets	Total
Eur			**3/31/2020**
Acquisition cost at the start of the financial year	**204,809.76**	**1,618.56**	**206,428.32**
Acquisition cost	**204,809.76**	**1,618.56**	**206,428.32**
Accumulated planned depreciation at the start of the financial year	**(203,589.80)**	**(1,443.56)**	**(205,033.36)**
Depreciation for the financial year	**(1,219.96)**	**(175.00)**	**(1,394.96)**
Accumulated planned depreciation at the end of the financial year	**(204,809.76)**	**(1,618.56)**	**(206,428.32)**
Book value	**0.00**	**0.00**	**0.00**

8. SHORT-TERM RECEIVABLES

	Eur	Eur
Short-term receivables	**2020**	2019
Receivables from companies in the same Group	**181,713.98**	177,434.49
Accounts receivable	**0.00**	0.00
Other receivables	**1,072.96**	4,143.11
Accrued income	**637.49**	467.16
TOTAL	**183,424.43**	182,044.76

LIABILITIES

9. EQUITY	Eur	Eur
	2020	2019
Share capital 1.4.	**100,000.00**	100,000.00
Share capital 31.3.	**100,000.00**	100,000.00
Invested unrestricted equity fund 1.1.2015	**1,023,860.96**	1,023,860.96
Invested unrestricted equity fund 31.3.	**1,023,860.96**	1,023,860.96
Profit/(Loss) from prev. financial period	**(953,795.89)**	(982,386.72)
Profit/(Loss) for the financial year	**11,590.31**	28,590.83
Total equity	**181,655.38**	170,065.07

The company has no distributable assets

10 SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Liabilities for companies in the same Group		
Trade payables	**12,388.08**	16,641.88
Other liabilities	**0.00**	100.00
Accruals and deferred income	**0.00**	286.81
Total short-term borrowed capital	**12,388.08**	26,928.69
	Eur	Eur
Liabilities for others	**2020**	2019
Trade payables	**6,492.34**	5,546.35
Other liabilities	**1,847.19**	1,622.64
Accruals and deferred income	**13,818.94**	18,150.65
Total short-term borrowed capital	**22,158.47**	25,319.64

11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur	Eur
	2020	2019
Salaries and holiday pay	**10,581.36**	10,591.82
Employer pension contribution	**1,737.58**	758.83
Other	**1,500.00**	6800
Total	**13,818.94**	18,150.65

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 11,590.31. The Board of Directors 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 April 27, 2020

Marko Hiltunen
Chair of the Board of Directors

Anne Kaarnijärvi
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
KHT

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpylätorni 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kylpylätorni 1 (business identity code 2498932-7) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
Property management expenses			
Administration		**(1,306.26)**	(1,265.56)
Property tax		**(153.33)**	(180.35)
Total		**(1,459.59)**	(1,445.91)
Profit/(loss)		**(1,459.59)**	(1,445.91)
Profit before appropriations and taxes		**(1,459.59)**	(1,445.91)
Profit/loss for the financial year		**(1,459.59)**	(1,445.91)

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**250,566.00**	250,566.00
Total tangible assets		**250,566.00**	250,566.00
TOTAL NON-CURRENT ASSETS		**250,566.00**	250,566.00
CURRENT ASSETS			
Short-term receivables			
Cash and cash equivalents			
Cash at bank		**1,486.15**	1,790.80
Total cash and cash equivalents		**1,486.15**	1,790.80
TOTAL CURRENT ASSETS		**1,486.15**	1,790.80
TOTAL ASSETS		**252,052.15**	252,356.80
LIABILITIES			
EQUITY	2		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**259,305.79**	258,105.79
Profit / (Loss) before appropriations and taxes		**(8,294.05)**	(6,848.14)
Profit / (Loss) for the financial year		**(1,459.59)**	(1,445.91)
TOTAL EQUITY		**252,052.15**	252,311.74
BORROWED CAPITAL			
Short-term borrowed capital	3		
Accruals and deferred income		**0.00**	45.06
Total short-term borrowed capital		**0.00**	45.06
TOTAL LIABILITIES		**252,052.15**	252,356.80

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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. TANGIBLE ASSETS

	Eur Land areas
Acquisition cost 1.4.	250,566.00
Acquisition cost 31.3.	250,566.00
Book value 31.3.	**250,566.00**

2. LIABILITIES

EQUITY	**Eur** **2020**	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**258,105.79**	256,605.79
Additions	**1,200.00**	1,500.00
Invested unrestricted equity fund in the end of the year	**259,305.79**	258,105.79
Profit / (Loss) from prev. financial period	**(8,294.05)**	(6,848.14)
Profit / (Loss) for the financial year	**(1,459.59)**	(1,445.91)
Total equity	**252,052.15**	252,311.74

3. BORROWED CAPITAL

	Eur **2020**	Eur 2019
Accruals and deferred income	**0.00**	45.06
Total borrowed capital	**0.00**	45.06

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

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 Directors' proposal for profit distribution

Loss for the financial year EUR 1,459.59. The Board of Directors 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 April 27, 2020

Riku Rauhala	**Anttila Tapio**
Chair of the Board of Directors	Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public
Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,204.56)**	(1,200.81)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(115.77)**	(136.20)
Total	**(2,535.53)**	(2,552.21)
Profit/(Loss)	**(2,535.53)**	(2,552.21)
Financial income and expenses		
Interest charges	**0.00**	(16.07)
Total financial income and expenses	**0.00**	16.07
Profit/(Loss) before appropriations and taxes	**(2,535.53)**	(2,568.28)
Group contribution	**5,110.00**	6,000.00
Profit/(Loss) for the financial year	**2,574.47**	3,431.72

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**142,350.28**	142,350.28
Total tangible assets		**142,350.28**	142,350.28
TOTAL NON-CURRENT ASSETS		**142,350.28**	142,350.28
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**7,526.01**	6,000.00
Total short-term receivables		**7,526.01**	6,000.00
Cash and cash equivalents			
Cash at bank		**46.28**	115.86
Total cash and cash equivalents		**46.28**	115.86
TOTAL CURRENT ASSETS		**7,572.29**	6,115.86
TOTAL ASSETS		**149,922.57**	148,466.14
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**139,130.28**	139,130.28
Invested unrestricted equity fund		**8,291.29**	8,291.29
Profit/(Loss) from prev. financial years		**(2,573.47)**	(6,005.19)
Profit/(Loss) for the financial year		**2,574.27**	3,431.72
TOTAL EQUITY		**149,922.37**	147,348.10
BORROWED CAPITAL			
Short-term borrowed capital	4		
Debts to companies in the same group		**0.00**	1,083.99
Accruals and deferred income		**0.00**	34.05
Deferred tax liabilities		**0.20**	0.00
Total short-term borrowed capital		**0.20**	1,118.04
TOTAL LIABILITIES		**149,922.57**	148,466.14

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 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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	142,350.28
Acquisition cost 31.3.	142,350.28
Book value 31.3.	**142,350.28**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	7,526.01
Total	**7,526.01**

3 LIABILITIES

EQUITY	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**139,130.28**	139,130.28
Building fund in the end of the year	**139,130.28**	139,130.28
Invested unrestricted equity fund in the beginning of the year	**8,291.29**	8,291.29
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**8,291.29**	8,291.29
Profit/loss from prev. financial period	**(2,573.47)**	(6,005.19)
Profit/loss for the financial year	**2,574.27**	3,431.72
Total equity	**149,922.37**	147,348.10

4 Short-term borrowed capital

	Eur 2020	Eur 2019
Accruals and deferred income	**0.00**	34.05
Deferred tax liabilities	**0.20**	0.00
Total short-term borrowed capital	**0.20**	34.05

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on May 31, 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on October 29, 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on October 31, 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 Directors' proposal for profit distribution

Profit for the financial year EUR 2,574.27. 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 April 27, 2020

Riku Rauhala
Chair of the Board of Director's

Tapio Anttila
Board Member

Anne Oravainen
Board Member
(resigned November 15, 2019)

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended March 31, 2020. 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 Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,129.58)**	(1,159.43)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(310.67)**	(365.48)
Total	**(2,655.45)**	(2,740.11)
Profit/(loss)	**(2,655.45)**	(2,740.11)
Financial income and expenses		
Interest charges	**(0.10)**	(19.53)
Total financial income and expenses	**(0.10)**	(19.53)
Profit before appropriations and taxes	**(2,655.55)**	(2,759.64)
Group contribution	**6,250.00**	6,000.00
Income Taxes	**7.65**	0.00
Profit/(loss) for the financial year	**3,586.80**	3,240.36

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**140,090.60**	140,090.60
Total tangible assets		**140,090.60**	140,090.60
TOTAL NON-CURRENT ASSETS		**140,090.60**	140,090.60
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**8,235.47**	6,000.00
Total short-term receivables		**8,235.47**	6,000.00
Cash and cash equivalents			
Cash at bank		**255.59**	2.50
Total cash and cash equivalents		**255.59**	2.50
TOTAL CURRENT ASSETS		**8,491.06**	6,002.50
TOTAL ASSETS		**148,581.66**	146,093.10
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**137,110.60**	137,110.60
Invested unrestricted equity fund		**8,941.89**	8,941.89
Profit/(loss) from previous years		**(3,565.28)**	(6,805.64)
Profit/(loss) for the financial year		**3,586.80**	(3,240.36)
TOTAL EQUITY		**148,574.01**	144,987.21
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**7.65**	0.00
TOTAL LIABILITIES		**7.65**	0.00
Short-term borrowed capital	4		
Debts to companies in the same group		**0.00**	1,014.53
Accruals and deferred income		**0.00**	91.36
Total short-term borrowed capital		**0.00**	1,105.89
TOTAL LIABILITIES		**148,581.66**	146,093.10

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 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

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	140,090.60
Acquisition cost 31.3.	140,090.60
Book value 31.3.	**140,090.60**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	8,235.47
Total	**8,235.47**

3 LIABILITIES

EQUITY	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**137,110.60**	137,110.60
Building fund in the end of the year	**137,110.60**	137,110.60
Invested unrestricted equity fund in the beginning of the year	**8,941.89**	8,941.89
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**8,941.89**	8,941.89
Profit/(Loss) from prev. financial period	**(3,565.28)**	(6,805.64)
Profit/(Loss) for the financial year	**3,586.80**	(3,240.36)
Total equity	**148,574.01**	144,987.21

4 Short-term borrowed capital

	Eur 2020	Eur 2019
Deferred tax liabilities	**7.65**	0.00
Debts to companies in to same group	**0.00**	1,014.53
Accruals and deferred income	**0.00**	91.36
Total borrowed capital	**7.65**	1,105.89

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

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 3,586.80. The Board of Directors 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, April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
(resigned November 15, 2019)
Board Member

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kuusamon Pulkkajärvi 1 (business identity code 0780839-5) for the period ended March 31, 2020. 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director 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 Directors 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 Directors 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 Directors' and 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 April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER			
Rent income		**11,628.00**	11,628.00
Total		**11,628.00**	11,628.00
Depreciation	**1**		
Buildings and structures		**(3,585.36)**	(3,734.64)
Total		**(3,585.36)**	(3,734.64)
Property management expenses			
Administration		**(1,318.84)**	(1,231.38)
Water and sewage		**(7.20)**	0.00
Electricity		**(1,788.51)**	(1,516.67)
Indemnity insurance		**(57.66)**	(55.21)
Property tax		**(197.15)**	(270.43)
Repairs		**0.00**	0.00
Other expenses		**0.00**	0.00
Total		**(3,369.36)**	(3,073.69)
Profit/(Loss)		**4,673.28**	4,819.67
Financial income and expenses			
Interest income		**0.00**	2.71
Interest charges		**(1,666.20)**	(1,907.82)
Total financial income and expenses		**(1,666.20)**	(1,905.11)
Profit / (Loss) before appropriations and taxes		**3,007.08**	2,914.56
Other direct taxes			
Direct taxes		**(601.50)**	(582.37)
Total		**(601.50)**	(582.37)
Profit / (Loss) for the financial year		**2,405.58**	2,332.19

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	2		
Land areas		**248,581.74**	248,581.74
Buildings and structures		**86,047.24**	89,632.60
Total tangible assets		**334,628.98**	338,214.34
TOTAL NON-CURRENT ASSETS		**334,628.98**	338,214.34
CURRENT ASSETS			
Short-term receivables	3		
Tax receivables		**26.10**	0.00
Total short-term receivables		**26.10**	0.00
Cash and cash equivalents			
Cash at bank		**4,290.82**	9,443.78
Total cash and cash equivalents		**4,290.82**	9,443.78
TOTAL CURRENT ASSETS		**4,316.92**	9,443.78
TOTAL ASSETS		**338,945.90**	347,658.12
LIABILITIES			
EQUITY	4		
Share capital		**2,522.81**	2,522.81
Building fund		**82,860.58**	82,860.58
Other equity		**170,766.78**	170,766.78
Profit(loss) from previous years		**23,540.46**	21,208.27
Profit(loss) for the financial year		**2,405.58**	2,332.19
TOTAL EQUITY		**282,096.21**	279,690.63
BORROWED CAPITAL			
Short-term borrowed capital	5		
Other loans group companies		**56,449.69**	66,917.53
Accruals and deferred income		**400.00**	467.59
Taxes		**0.00**	582.37
Total short-term borrowed capital		**56,849.69**	67,967.49
TOTAL LIABILITIES		**338,945.90**	347,658.12

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

NOTES TO THE PROFIT AND LOSS STATEMENT

1. Depreciation and impairments

	Eur 2020	Eur 2019
Buildings and structures	**3,585.36**	3,734.64
Total	**3,585.36**	3,734.64

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2 Tangible assets

Eur	Land areas	Buildings and structures	Total
Acquisition cost 1.4.	248,581.74	121,796.28	370,378.02
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	248,581.74	121,796.28	370,378.02
Accumulated depreciation 1.4.	0.00	32,163.68	32,163.68
Depreciation for the financial year	0.00	3,585.36	3,585.36
Book value 31.3.	**248,581.74**	**86,047.24**	**334,628.98**

CURRENT ASSETS

RECEIVABLES

3 Short-term receivables

	Eur 2020	Eur 2019
Tax assets	**26.10**	0.00
Total	**26.10**	0.00

LIABILITIES

4 EQUITY

	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,522.81**	2,522.81
Share capital in the end of the year	**2,522.81**	2,522.81
Building fund in the beginning of the year	**82,860.58**	82,860.58
Building fund in the end of the year	**82,860.58**	82,860.58
Other restricted equity in the beginning of the year	**170,766.78**	170,766.78
Other restricted equity in the end of the year	**170,766.78**	170,766.78
Profit/(Loss) from prev. financial period	**23,540.46**	21,208.27
Profit/(Loss) for the financial year	**2,405.58**	2,332.19
Total equity	**282,096.21**	279,690.63

5 SHORT-TERM BORROWED CAPITAL

	Eur 2020	Eur 2019
Other loans group companies	**56,449.69**	66,917.53
Accruals and deferred income	**400.00**	467.59
Tax liabilities	**0.00**	582.37
Total borrowed capital	**56,849.69**	67,967.49

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**30.00**	**2,522.81**	30.00	2,522.81
Total	**30.00**	**2,522.81**	30.00	2,522.81

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,405.58. The Board of Directors 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 April 27, 2020

Tapio Anttila Chair of the Board of Directors	**Riku Rauhala** CEO/board member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

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 April 1, 2019 to March 31, 2020.

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 March 31, 2020 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.

Material Uncertainty Related to Going Concern

Without affecting my statements above, I would like to draw attention to the Board of Directors' Report and Note 2 in the annual report, which states that the management's assessment of the company's going concern is based on the prerequisite that society's restrictions in connection with Covid-19 be eased during the summer of 2020 and that the company can operate its business fully. However, if the restrictions were to be protracted, and bookings during the summer and autumn also had to be canceled, this could mean that there is significant uncertainty about the business's survival for the next 12 months.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors 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 Directors 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 Directors 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 Directors 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. 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 April 1, 2019 to March 31, 2020 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 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. The Managing Director shall manage the ongoing administration according to the Board of Directors' 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 Directors 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. This description is part of the auditor's report.

Östersund April 21, 2020
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
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)

	2019/20	2018/19	2017/18	2016/17
	kSEK	kSEK	kSEK	kSEK
Net sales	**135,381**	142,615	133,942	109,961
Profit/(loss) after financial items	**(1,754)**	860	(3,284)	(11,715)
Equity/assets ratio (%)	**5.5 %**	7.0 %	5.9 %	12.0 %

Ownership

Name	No. of shares	No. of voting rights
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

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 Parent and Registration office (PRH) in Finland and the Ministry of Corporate Affairs (Company Master Data) in India.

Significant events during the financial year

Income declined slightly during the year. However, the operations succeeded in securing volume increases in the private market with room nights up 11.5 per cent and conferences with room nights up 6.2 per cent. Nevertheless, annual earnings and sales were impacted by cancellations for March due to COVID-19.

Annual bookings were 52 per cent compared with 49 per cent last year.

The large boost for the year was that our corporate sales staff sold conferences during the year for SEK 46.5 M (sales of conferences in 2019/2020/2021), representing an increase of 54 per cent compared with the preceding year. The private concept and our events are continuing to grow and became well established in the market. The sales increase in July was 20 per cent due to family weeks and summer youth camps.

The month of March, which is the best period of the year in terms of earnings, was significantly impacted by COVID-19, which unfortunately meant that annual earnings were negative.

Finally, it is noted that SEK 5 M of other operating income refers to extraordinary remuneration.

We are continuing to focus on our training concept in 2020/2021 with events and packages.

We are arranging our own events as well as events together with other players.

Expected future development and significant risks and uncertainty factors

Bookings prior to COVID-19 had never been better. Bookings for the 2020 snowless season were up 76.5 per cent on the preceding year.

Due to COVID-19, the situation for the next few months is uncertain and the company has been forced to rapidly adapt its operating form and operating expenses to the current demand.

The company expects demand to gradually return after the crisis is over.

Changes in equity SEK

	Share capital	Share premium reserve	Retained earnings	Net profit/ (Loss) for the year	Total
Opening balance	1,000kSEK	12,000kSEK	(9,276kSEK)	860kSEK	**4,585kSEK**
Appropriation of profits as resolved by the AGM:	0	0	0	0	**0**
To be carried forward	0	0	860kSEK	(860kSEK)	**0**
Profit/(Loss) for the year	0	0	0	(1,754kSEK)	(1,754kSEK)
Amount at year-end	**1,000kSEK**	**12,000kSEK**	**(8,415kSEK)**	**(1,754kSEK)**	**2,831kSEK**

Proposed appropriation of profits	**kSEK**
The Board of Directors proposes that the profits available for distribution:	
Profit/(Loss) brought forward	(8,415)
Share premium reserve	12,000
Profit/(Loss) for the year	(1,754)
Total	**1,831**

The Board of Directors proposes that the available profits be appropriated as follows:

Profit/(loss) brought forward	1,831
Total	**1,831**

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 MARCH 31, 2020

	Note	**2020 kSEK**	2019 kSEK
Operating income			
Net sales	3,4	**135,381**	142,615
Other operating income		**8,045**	3,142
Total operating income		**143,426**	145,757
Operating expenses			
Raw materials and consumables		**(15,529)**	(17,074)
Other external expenses	5,6	**(82,865)**	(82,168)
Personnel costs	7	**(38,408)**	(37,784)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(6,573)**	(6,470)
Total operating expenses		**(143,375)**	(143,496)
Operating profit/(loss)	4	**51**	2,261
Financial items			
Interest expenses to Group companies		**(1,065)**	(600)
Interest expenses and similar profit/(loss) items		**(740)**	(801)
Total financial items		**(1,805)**	(1,401)
Profit/(Loss) after financial items		**(1,754)**	860
Profit/(Loss) before tax		**(1,754)**	860
Profit/(Loss) for the year		**(1,754)**	860

BALANCE SHEET AS AT MARCH 31, 2020

	Note	**2020 kSEK**	2019 kSEK
Fixed assets			
Intangible fixed assets			
Goodwill	9	**837**	2,093
Software	8	**40**	76
Total intangible fixed assets		**878**	2,169
Tangible assets			
Equipment, tools, fixtures and fittings	10	**31,877**	36,701
Improvement fees on the property of others	11	**1,958**	2,083
Total tangible fixed assets		**33,835**	38,784
Total fixed assets		**34,713**	40,954
Current assets			
Inventories			
Raw materials and consumables		**902**	804
Finished goods and goods for resale		**232**	458
Total inventories		**1,135**	1,262
Current receivables			
Accounts receivable		**7,508**	3,586
Current tax assets	12	**601**	785
Other receivables		**3,860**	1,794
Prepaid expenses and accrued income	13	**2,891**	13,378
Total current receivables		**14,859**	19,543
Cash and bank balances		**994**	3,635
Total cash and bank balances		**994**	3,635
Total current assets		**16,988**	24,440
TOTAL ASSETS		**51,701**	65,393

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
EQUITY AND LIABILITIES			
Equity	14,15		
Restricted equity			
Share capital		**1,000**	1,000
Total restricted equity		**1,000**	1,000
Non-restricted equity			
Share premium reserve		**12,000**	12,000
Retained earnings		**(8,415)**	(9,276)
Profit/(Loss) for the year		**(1,754)**	860
Total Non-restricted equity		**1,831**	3,585
Total equity		**2,831**	4,585
Non-current liabilities	16,17		
Liabilities to credit institutions		**1,504**	5,452
Liabilities to Group companies		**10,000**	0
Total non-current liabilities		**11,504**	5,452
Current liabilities	**17**		
Liabilities to credit institutions		**3,948**	4,548
Advances from customers		**7,590**	8,613
Accounts payable		**9,093**	14,298
Liabilities to Group companies		**1,166**	14,116
Other liabilities		**6,852**	2,754
Accrued expenses and deferred income	18	**8,718**	11,028
Total current liabilities		**37,366**	**55,357**
TOTAL EQUITY AND LIABILITIES		**51,701**	**65,393**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	**2020 kSEK**	2019 kSEK
Operating activities			
Profit/(Loss) after financial items		**(1,754)**	860
Adjustments for items not included in cash flow	19	**6,573**	7,062
Income tax paid		**184**	(355)
Cash flow from operating activities before changes in working capital		**5,003**	7,567
Change in inventories		**127**	81
Change in accounts receivable		**(3,922)**	5,189
Change in current receivables		**8,422**	(8,901)
Change in accounts payable		**(5,204)**	540
Change in current liabilities		**(186)**	4,170
Cash flow from operating activities		**4,239**	8,645
Investing activities			
Net investments in tangible assets		**(332)**	(1,113)
Cash flow from investing activities		**(332)**	(1,113)
Financing activities			
Group loans raised		**10,000**	0
Repayment of debt		**(16,548)**	(4,188)
Cash flow from financing activities		**(6,548)**	(4,188)
Cash flow for the year		**(2,641)**	3,344
Cash and cash equivalents at beginning of the year			
Opening cash and cash equivalents		**3,635**	291
Closing cash and cash equivalents		**994**	3,635

NOTES

Note 1 Accounting and Valuation Principles

General information

This annual report has been prepared in accordance with the Swedish Annual Accounts and the Swedish Accounting Standards Board's general guidelines BFNAR 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 impariment.

Amortisation/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/amortisation are applied:

Intangible fixed 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 income tax which has not yet been recognised. 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 the balance sheet total.

Note 2 Significant events after the end of the financial year

Tourism is severely impacted by corona, as is Åre. The Company has given particular consideration to the how the effects of COVID-19 will/may impact the Company's future performance. For the hotel, the second half of March was affected the most in the 2019/20 accounts. Sales are expected to have declined by about SEK 6 M and EBITDA by about SEK 4M for March. The reason that the decline was not even larger is that cancellation rules were followed and stays booked for both conferences and by private guests were paid for even if the stay was not used. However, the consumption that the guests would have had if the stay was used was lost.

The impact of corona on next year's accounts 2020/21 will be even greater. Cancellations have gradually risen as increasingly stricter restrictions on travel were continuously introduced, and the lifts in Åre were eventually closed on 6 April. Both conferences and private guests have made cancellations and the hotel went from what was an essentially fully booked Easter to bookings of less than 20 per cent. However, cancellation rules were closely followed, which eased the impact slightly, mainly for April.

Bookings were also affected by the restrictions on events requiring a permit – first a ban on gatherings of more than 500 people and now 50 people. For example, Åre Session, an annual music festival at the end of April, must now be postponed to a later date.

The following measures have been taken to counteract the effects of corona:

* The annual forecast is updated continuously and the market situation is being closely monitored. According to the current assessment, April – June will be very several impacted with extremely low demand and price scenario. The Company expects to gradually build up volumes and prices from July. The hotel is expected to have returned to more normal bookings and price scenario from December. Winter 2021 is expected to feature high demand due to a pent-up desire to travel and a shortage of capacity and unwillingness to travel abroad.
* All seasonal workers had their employment terminated in advance. All hourly staff had their employment terminated. All employees with probation periods were terminated. All permanent employees were temporarily laid off.
* The largest suppliers have granted longer payment periods for invoices.
* A stop on repayments of bank loans has been requested.
* The landlord has reduced the rent level for six months. These months are added to the future rental period.
* Liquidity was strengthened with last year's operating profit, reclaiming and respite for taxes and contributions under the government's action plan. This means that liquidity is better compared with one year ago.

These measures have significantly reduced the cost base and eased the impact on liquidity that was anticipated due to lower demand. The operating form was corrected and adjusted to demand. This means that management and the Board believe that the economic consequences will be fewer in both the short and long term if the Company continues in a reduced operating form during the corona period instead of completely closing. This also means that ramping up to for the full operating form will be significantly shorter when demand returns.

The Company is well positioned for the future, provided that the extent and force of the corona crisis dissipates.

If restrictions in society are lifted, which at the current time is thought will be possible in the summer, management sees many opportunities for the year ahead to be relativity good.

However, if restrictions were to be prolonged, and bookings in the summer and autumn also need to be cancelled, it would mean that significant uncertainty would arise regarding the going concern of the Company for the next 12 months, unless additional aid is provided by the government or from the property owner and/or owners. Management's assessment is based on the operations gradually returning to normal conditions from the summer season.

Note 3 Distribution of sales

	2020 kSEK	2019 kSEK
Net sales by business segment		
Hotel operations	**135,381**	142,615
	135,381	142,615

Note 4 Intra-Group purchases and sales

	2020 kSek	2019 KSek
Percentage of total purchases during the year from other companies in the Group	**0.19%**	0.19%
Percentage of total sales during the year from other companies in the Group	**1.35%**	1.88%

Note 5 Leases - Operating leases lessee

Lease costs for the year amounted to SEK 40,934,959.

Future lease payments, for non-cancellable leases, fall due for payment as follows:

	2020 kSEK	2019 kSEK
Within one year	**40,860**	40,333
Between one and five years	**160,077**	159,458
Later than five years	**39,896**	55,680
	240,833	255,471

Note 6 Auditors' fees

The audit assignment relates to the review of the annual report and accounts as well as the administration by the Board of Directors, 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.

	2020 kSEK	2019 kSEK
PwC		
Audit assignments	**180**	150
Other services	**91**	44
	271	194

Note 7 Employees and personel costs

	2020	2019
Average number of employees		
Women	**43**	43
Men	**23**	24
	66	67
Salaries and other remuneration		
Board of Directors and Managing Director	**1,139**	1,124
Other employees	**27,229**	26,683
	28,368	27,807
Social security expenses		
Pension costs for Board and Managing Director	**241**	223
Pension costs for other employees	**944**	1,055
Statutory and contractual other social security contributions	**9,061**	8,944
	10,246	10,222
Total salaries, remuneration, social security expenses and pension costs	**38,614**	38,029

Note 8 Software

	2020 kSEK	2019 kSEK
Opening cost	**180**	**180**
Purchase	**0**	**0**
Closing accumulated cost	**180**	**180**
Opening amortisation	**(103)**	(67)
- Amortisation for the year	**(36)**	(36)
Closing accumulated amortisation	**(139)**	(103)
Closing carrying amount	**40**	76

Note 9 Goodwill

	2020 kSEK	2019 kSEK
Opening cost	**6,279**	6,279
Purchase	**0**	0
Closing accumulated cost	**6,279**	6,279
Opening amortisation	**(4,186)**	(2,930)
- Amortisation for the year	**(1,256)**	(1,256)
Closing accumulated amortisation	**(5,442)**	(4,186)
Closing carrying amount	**837**	2,093

Note 10 Equipment, tools, fixtures and fittings

	2020 kSEK	2019 kSEK
Opening cost	**49,371**	48,258
Purchases	**332**	1,113
Closing accumulated cost	**49,703**	49,371
Opening depreciation	**(12,670)**	(7,617)
- Depreciation for the year	**(5,156)**	(5,053)
Closing accumulated depreciation	**(17,826)**	(12,670)
Closing carrying amount	**31,877**	36,701

Note 11 Improvement fees on the property of others

	2020 kSEK	2019 kSEK
Opening cost	**2,500**	2,500
	2,500	2,500
Opening depreciation	**(417)**	(292)
- Depreciation for the year	**(125)**	(125)
Closing depreciation	**(542)**	(417)
Carrying amount	**1,958**	2,083

Note 12 Tax loss carry forward

No tax is found in the company due to a rolling tax loss carry forward.

	2020 kSEK	2019 kSEK
Tax loss carry forward	**12,173**	10,404
	12,173	10,404

Note 13 Prepaid expenses and accrued income

	2020 kSEK	2019 kSEK
Property rental	**0**	3,342
Other	**2,891**	10,037
Carrying amount	**2,891**	13,378

Note 14 Number of shares and quotient value

	Number of shares	Quotient value
Number of Class A shares	1,000,000	1
	1,000,000	

Note 15 Appropriation of profit or loss

The Board of Director's proposes that the profit available for distribution:

	2020 kSEK
accumulated loss	**(8,415)**
share premium	**12,000**
loss for the year	**(1,754)**
Total pledged assets	**1,831**

Note 16 Non-current liabilities

Fall due later than five years after the balance sheet date

	2020 kSEK	2019 kSEK
The following amount of the Company's liabilities to credit institutions tSEK 5.452 falls due in five years	**0**	0
Total pledged assets	**0**	0

Note 17 Liabilities recognised in several items

The Company's bank loans of kSEK 5.452 are recognised under the following items in the balance sheet.

The Company's Group loans of kSEK 11,166 are recognised under the following items in the balance sheet.

	2020 kSEK	2019 kSEK
Non-current liabilities		
Other liabilities to credit institutions	**1,504**	11,295
Liabilities to Group companies	**10,000**	75,100
Total pledged assets	**11,504**	86,395
Current liabilities		
Other liabilities to credit institutions	**3,948**	29,649
Liabilities to Group companies	**1,166**	8,755
Total pledged assets	**5,114**	38,405

Note 18 Accrued expenses and deferred income

	2020 kSEK	2019 kSEK
Personnel-related items	**6,278**	7,523
Other	**2,439**	3,505
Total pledged assets	**8,718**	11,028

Note 19 Adjustments for non-cash items

	2020 kSEK	2019 kSEK
Depreciation	**6,573**	6,470
Interest expenses, Group	**0**	591
Total pledged assets	**6,573**	7,062

Note 20 Pledged assets

	2020 kSEK	2019 kSEK
Liabilities to credit institutions:		
Chattel mortgages	**19,000**	19,000
Total pledged assets	**19,000**	19,000
Liabilities for which security is provided		
Overdraft facility, amount used	**0**	0
Chattel mortgages	**5,452**	10,000
Total pledged assets	**5,452**	**10,000**

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Mats Svensson	**Marko Hiltunen**	**Maisa Romanainen**	**Pernilla Gravenfors**
Chairman			Managing Director

Place : Åre
Date : April 21, 2020

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 April 1, 2019 to March 31, 2020.

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 March 31, 2020 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 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. 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 3 AB for the financial year April 1, 2019 to March 31, 2020 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 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 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 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. This description is part of the auditor's report.

Östersund April 21, 2020
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
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.

Multi-year review	**2020**	2019
	kSEK	kSEK
Net sales	**0**	**0**
Profit / (Loss) after financial items	**(2)**	(4,826)
Equity/assets ratio	**98.9 %**	98.9 %

Proposed appropriation of profits

	SEK
The following profits are at the disposal of the Annual General Meeting:	
Profit brought forward	4,560,184
Profit / (Loss) for the year	(1,550)
Total	4,558,634

Changes in equity

	Share capital	Profit / (Loss) brought forward	Net profit/loss	Total
Share capital	50,000 SEK	9,386,210 SEK	(4,826,026 SEK)	4,610,184 SEK
Appropriation of profits as resolved by the AGM	0	0	0	0
Dividends	0	0	0	0
To be carried forward	0	(4,826,026 SEK)	4,826,026 SEK	0
Received unconditional shareholders' contributions	0	0	0	0
Net Profit / (Loss) for the year	0	0	(1,550 SEK)	(1,550 SEK)
Balance at year-end	50,000 SEK	4,560,184 SEK	(1,550 SEK)	4,608,634 SEK

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Operating income, changes in inventory, etc.			
Net sales		**0**	0
Total operating income, changes in inventory, etc.		**0**	0
Operating expenses			
Raw materials and consumables		**0**	0
Other external expenses		**(1,550)**	(1,250)
Total operating expenses		**(1,550)**	(1,250)
Operating Profit / (Loss)		**(1,550)**	(1,250)
Profit / (Loss) from shares in group companies		**0**	(4,824,776)
Profit / (Loss) after financial items		**(1,550)**	(4,826,026)
Profit / (Loss) before tax		**(1,550)**	(4,826,026)
Profit / (Loss) for the year		**(1,550)**	(4,826,026)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Assets			
Non-current assets			
Financial non-current assets			
Other non-current receivables	3	**4,611,434**	4,611,434
Total non-current assets		**4,611,434**	4,611,434
Current assets			
Current receivables			
Other receivables		**0**	0
Total current receivables		**0**	0
Cash and bank balances			
Cash and bank balances		**47,200**	48,750
Total cash and bank balances		**47,200**	48,750
Total current assets		**47,200**	48,750
Total assets		**4,658,634**	4,660,184
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 50,000 shares		**50,000**	50,000
Total restricted equity		**50,000**	50,000
Non-restricted equity			
Retained earnings		**4,560,184**	9,386,210
Profit / (Loss) for the year		**(1,550)**	(4,826,026)
Total non-restricted equity		**4,558,634**	4,560,184
Total equity		**4,608,634**	4,610,184
Current liabilities			
Other liabilities		**50,000**	50,000
Total current liabilities		**50,000**	50,000
Total equity and liabilities		**4,658,634**	4,660,184

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 Significant events after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak on the company's future development and risks that may affect financial reporting going forward. In this assessment, it has been concluded that the impact on the company is limited.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2020-04-21

Åre 2020-04-21

Tapio Anttila

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.

Note 4 Other non-current receivables

	2020	2019
	SEK	SEK
Additional receivables	**4,611,434**	**4,611,434**
Carrying amount	**4,611,434**	**4,611,434**

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant