



Thimphu TechPark
dhi Company

Annual Report 2016



Thimphu TechPark Limited, P.O. Box 633, Thimphu, Bhutan.
enquiries@thimphutechpark.com; www.thimphutechpark.com

Our Vision

To be a vibrant Technology Park providing opportunities for innovation and development, and promoting the growth of IT industry in Bhutan.

Our Mission

1. To attract reputed IT/ITES companies from both within Bhutan and around the world to work in a stimulating environment which provides opportunities for technology based collaboration, learning and innovation.
2. To create employment opportunities and contribute towards the economic growth of Bhutan.
3. To maximize the efficient utilization of assets and increase return on investment for all stakeholders.

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A training session on Digital Marketing with people from Google

COMPANY PROFILE

Background of the Company

Druk Holding and Investments (DHI), Bhutan, and Assetz Property Group (APG), Singapore, signed a joint venture agreement and submitted a Joint Venture bid to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) the IT Park in Babesa, Thimphu under the Public-Private Partnership (PPP) model for the Department of IT and Telecom, MoIC. Subsequently, DHI and APG were awarded the contract vide letter No. DIT/35(12)/2009-10/07 dated 17 July 2009.

Thimphu TechPark Pvt. Ltd (TTPL) was duly incorporated under the Companies Act of the Kingdom of Bhutan 2000 on 24 August 2009 to undertake the IT Park Project as a developer, and the Sharedholders Agreement was signed on 29th August 2009 with DHI holding 26% and APG holding 74% of TTPL. The authorized share capital of the company (Authorized Share Capital) is agreed to be Nu. 500 Million divided into 3 million equity shares of Nu. 100 each and 2 million preference shares of Nu. 100 each.

DHI assumed full ownership of TTPL and changed its name to Thimphu TechPark Limited retaining the same acronym ‘TTPL’ after APG decided to exit from the partnership and transferred its shares to DHI on 29 October 2014. As a company focused on creating employment opportunities for our youth, it has an overarching social mandate although it has to be financially sustainable too.

IT Park Project Background

The initial concept document on the World Bank-led Private Sector Development Project of which IT Park is one of the three components, date back to 2006. The other two components of the Project are: Development of a skills program for promoting the IT/ITES industry, and Strengthening the financial sector through deployment of technology. The Royal Government of Bhutan (RGoB) received a grant from the International Development Association (IDA) toward the cost of the Private Sector Development (PSD) Project in 2008.

Thereafter, the Ministry of Information & Communications, Royal Government of Bhutan initiated the development of a 50,000 sq ft world-class IT Park property – Thimphu TechPark – on a Public Private Partnership (PPP) model, at Babesa, on 5 acres of government land leased for 30 years renewable by two more 30-year terms based on mutual agreement.

The objectives of the project are to increase productive employment in Bhutan through promotion of enterprise development in the IT/ITES sector, enhanced IT skills, and improved access to finance.

Given the nascent stage of Bhutan's IT industry and the challenges and constraints in attracting IT firms to locate in Bhutan, the Royal Government of Bhutan shared some of the investment risks by (i) Investing in ancillary infrastructure for the Park e.g. roads, power, water, sewage, telecom etc., and (ii) Providing financial support for the private sector developer with government agreeing to pay a lease amount of US\$2 million for 10,000 sq ft of space in the Park, determined through an international competitive bidding. The leased shell space is being used for establishing a business incubation facility, a shared technology center and a data center.

The initial deadline for the completion of the IT Park infrastructure (building) was 5 September 2011, which was calculated as 2 years after the signing of the contract on 4 September 2009. However, due to force majeure events, the project was delayed and the deadline was first extended to 21 October 2011, and then to 30 April 2012.

Thimphu TechPark Pvt. Ltd., the private sector developer, finally handed over the completed IT Park project (physical infrastructure) along with the completed Bhutan Innovation and Technology Centre within the extended deadline of 30 April 2012. This was accepted by the DITT, MoIC and the World Bank. The operation phase of the IT Park began from 1 May 2012.

Activities of the IT Park

a) Facilitating Foreign Direct Investment in the IT/ITES Industry

TTPL Team facilitates Foreign Direct Investment in Bhutan for foreign companies/investors coming to locate at the Thimphu TechPark, Bhutan's first IT Park. Thimphu TechPark is a Special Economic Zone with the following fiscal incentives offered by the Royal Government of Bhutan:

- A tax holiday of ten years for IT/ITES businesses operating within the IT Park and exporting 80% of their products/services.
- Import of capital goods forming direct inputs for the IT/ITES companies in the IT Park shall be exempted from customs duty and sales tax.

- 100% foreign equity participation shall be permitted for the IT/ITES companies in the IT Park.
- Government ensures that the cost of Internet at the IT Park is at par with that in India.

b) Leasing space to IT/ITES companies (both domestic and international)

The IT Park offers Grade A infrastructure, redundancy in mains and back-up power with power available at under 30% of the cost in other parts of the region. It also offers high-capacity dual feed internet connectivity through redundant optical fiber connectivity. We provide commercial space on lease to both domestic and international companies. We also have fully furnished plug and play office space inside the Incubation Centre which even commercial tenants are allowed to occupy initially while they get the commercial space ready with furnishing and fitouts.

c) Conducting Trainings and workshops

Thimphu TechPark Pvt. Ltd (TTPL) and BITC conduct regular trainings and workshops on leadership, management, entrepreneurship, business development, finance, customer service etc. with their network of experts from all around the globe. In addition to its regular workshops/trainings, TTPL and BITC also conduct custom-designed trainings and workshops based on the demand of its client companies/organisations.

d) Providing Conference rooms and training rooms for hire

We hire out of training rooms and conference rooms (including projectors, white boards etc.) at very competitive rates.

e) Operation and Management of Bhutan Innovation and Technology Centre

The Bhutan Innovation and Technology Centre (BITC) is the first of its kind in Bhutan. Comprising three pillars: a business incubator, a Shared

Technology Centre and a data centre, the BITC contributes to the economic and social development of Bhutan by supporting and facilitating high potential individuals and SMEs to grow into successful businesses.

f) Data Centre Services

As one of the three components of Bhutan Innovation and Technology Centre, Thimphu TechPark also houses the a Tier-II Data Centre. The Operation and Management of the Data Centre is outsourced to Data Centre Services Pvt. Ltd. which has a team of highly skilled professionals to manage and operate the data centre.

g) Networking and business matching service

We also offer networking and business matching services between Bhutanese entrepreneurs and international companies using our international networks.

h) Visiting experts program for foreign experts

Thimphu TechPark runs a visiting experts program for foreign experts interested to work for 1-3 months in Bhutan. The objective of this programme is to facilitate training and teaching of the Bhutanese business community by visiting subject matter experts in subject areas relevant to business entrepreneurship, technology, management, sustainability and development areas.

i) Consulting Services

TTPL also has plans to provide consulting services in the fields of Entrepreneurship Development and IT/ITES Industry in the future.

BOARD OF DIRECTORS

Jigme Thinlye Namgyal, Chairman



Mr. Jigme Thinlye Namgyal, Chairman of the Board of Thimphu TechPark Ltd., serves full time as the Director of Department of IT & Telecom, Ministry of Information and Communications. He served for 18 years in the Department of Civil Registration and Census, Ministry of Home & Cultural Affairs. Then he worked as Project Director for the new citizenship identity card project from 2002-2004. During the first ever Population and Housing Census conducted in 2005, he worked both as Project Manager and Chief Demographer. As the Project Director for G2C Project, an e-Government project of Bhutan, he initiated and automated many services, which reduced turn-around-time benefiting citizens immensely. In 2011, he was selected as the Director of Department of Labour where he brought in many changes and streamlined and decentralized the delivery of services to the Regional Offices. In 2016 he was transferred to the Department of IT & Telecom. Besides undergoing many management and leadership courses, he is a trained demographer.

Dawa Sonam, Board Director



Mr. Dawa Sonam is the IT Head at Druk Holding and Investments (DHI). He started his career as an Engineer at Bhutan Telecom in 2004, and gradually rose to the positions of Manager at DrukNet, and then Head of Billing and International Affairs prior to joining DHI in 2015. He has Masters in Information Technology and Postgraduate Diploma in Internetworking and Security from Murdoch University, Western Australia. He did his Bachelor's degree in Electrical and Electronics Engineering from Madras University, India.

Karma Tshewang, Board Director



Mr. Karma Tshewang is currently working as the Director of Technical Department in Bhutan Telecom. He joined the erstwhile Department of Telecom under Ministry of Communications in 1996 after graduating with a bachelors degree in Electrical Engineering from PennState University, USA. Even after the Department of Telecom was corporatized as Bhutan Telecom Ltd. in July 2000, he has continued to work there in various capacities and has vast experience in the telecom industry. He has been instrumental in developing telecommunication network in the Kingdom of Bhutan, particularly in the extension of telecom services to the rural communities of Bhutan.

Pushpa Mani Pradhan, Board Director



Mr. Pushpa Mani Pradhan served as the Board director during the year till 19th July 2016 before resigning from his position as the Director of Technical Department in Bhutan Telecom. He joined Department of Telecom under Ministry of Communications in 1988 as a fresh graduate. He has an Engineering degree in Electronics and Communications from Birla Institute of Technology, Mesra Ranchi, India. He has worked in various capacities and has vast experience in Telecom industry. He was instrumental in developing telecommunication network in the Kingdom of Bhutan starting from open wire days to the modern digital communications systems.

Tshering Cigay Dorji, Chief Executive Officer/ Board Director



Dr Tshering Cigay Dorji holds a Masters of Management degeree from the University of Canberra, Australia, and Masters and Ph.D in computer engineering (informatics) from the University of Tokushima, Japan. He has about 15 years' combined experience in programming, teaching, information system design, database administration, research and senior level management in the corporate sector. His first degree was B.E. Electrical Engineering (First Class Honours) from the University of Wollongong, Australia, awarded in December 1999. He has previously worked with Bhutan Telecom for several years as system and database administrator, research engineer and head of Billing & International Affairs.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report to the Druk Holding & Investments and Bhutan Telecom Limited the annual performance of Thimphu TechPark Ltd. for the period 1st January to 31st December 2016. The report contains the operational performance along with the achievements and financial results.

Operational Performance

Thimphu TechPark is managed by a small and compact team consisting of a CEO, an Office Manager cum Company Secretary and a Finance Officer. They are supported by two maintenance technicians, four security guards, four cleaners and two gardeners. The main focus of the company in 2016 have been to attract more tenants to fill up the vacant commercial spaces on the first and second floor, diversify and expand its revenue stream from trainings programs, and remodel the terrace space to resolve the problem of water seepage on the top floor.

The following are some of the highlights of operational performance for the year 2016:

- The company crossed the employment target of 700 (target set out in the DBFOOT PPP Contract with the Government) in February 2016 and has thus far maintained employment figures above this target.
- The company has been successful in leasing out the entire commercial space (equivalent to four wings) on the first and second floor of the IT Park as compared to just over one wing leased out at the end of 2015. (One wing is approximately 10,000 sq ft of built up space).
- The company has successfully remodelled the terrace space into a spacious canteen and thereby resolved the problem of water seepage that used to happen from the terrace into the ceiling of the second floor.
- The company also successfully constructed a daycare centre with the funding support of Nu. 2,500,000 from DHI and Nu. 1,028,705 from UNICEF. This would greatly benefit the employees of the IT Park.
- The company has successfully managed the operation of Bhutan Innovation and Technology Centre which houses a business incubator and a Tier-2 Data Centre under the Design Build Operate Transfer (DBOT) contract with the Department of IT & Telecom, which was further extended by five years with effect from 1 July 2016.
- The company has successfully managed the operation and maintenance of the Tech Park providing support to and retaining the full trust and confidence of the existing tenants like Scan Café which have been continuously scaling up their operations in Bhutan.
- The company has successfully conducted various entrepreneurship training programs with support from the Ministry of Labour and Human Resources and IT trainings with the support of Department of IT & Telecom, Ministry of Information & Communications.
- The company developed the Corporate Strategic Plan and the Five Year Investment and Financing Plan
- The company has built and nurtured its relationship with various stakeholders for its smooth operation, especially with its PPP (Public Private Partnership) partner, the Ministry of Information and Communications, Royal Government of Bhutan.
- The company has always been mindful of creating the highest standards of ethics and integrity. It has paid great attention to promote transparency and accountability in all aspects of its operation and has successfully maintained a clean public image.



Financial Performance

The total paid up capital of the Company is Nu. 188,384,500 with DHI holding 51% of the shares and BTL holding the remaining 49%. The company has a total borrowing of Nu. 26,179,527 (long term borrowing of Nu. 22,826,285 and a short term borrowing of Nu. 3,353,242 as of 31st December 2016.

The Company achieved 'Profit on Operations Before Tax' of Nu. 5,035,151, which is huge increase compared Nu. 1,752,946 for the year 2015. As the company is under tax holiday, this figure is also the Profit After Tax.

The Company had earned a total income of Nu. **32,317,060** in the year 2016 including Nu. 8,804,313 received from tenants on behalf of the ISPs for Internet Leased Line subscriptions from which we get a small service charge. The total operating cost of the Company was Nu. **27,281,909** including interest payments of Nu. 2,776,217 and depreciation and amortization of Nu. 1,372,658. Further, since there was a revaluation gain of Nu. 8,405,972 as per the Bhutanese Accounting Standards (BAS 16 and BAS 40), the Basic and Diluted Earnings per Share come out to be Nu. 7.13.

Since the company would require funds for investment in the near and medium term, no dividend is declared for the year 2016.

Corporate Governance

Guided by the Corporate Governance Code and Ownership Policy of DHI, the overall leadership and strategic direction of the Company is provided by the Board of Directors led by the Chairman. The Board meets regularly to discuss important issues affecting the Company, provide guidance to the management and make important decisions on behalf of the Company. Currently, the Board consists of four Directors including the CEO. In the year 2016, the Board has conducted seven Board Meetings and two Audit Committee Meetings. The total remuneration paid to the Board Directors as sitting fees in the year 2016 totalled Nu. 276,000. In addition, Nu. 675,906 was spent for Board Directors' training.

Compliance

The company tries its best to ensure that it is compliant with all the laws and regulations of the country to the best of its knowledge. We have adopted a legal compliance framework which has been prepared using the DHI Legal Compliance Framework 2013. The framework can be used as a guide to ensure that the regulatory and internal policy requirements are adhered to by the company in decision-making, policy formulation, and business transactions

Corporate Social Responsibility

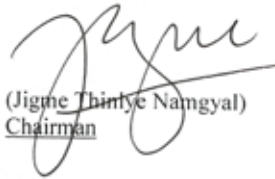
The Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandates. So far, the Company has been able to create employment opportunities for over 700 youths at the IT Park excluding the self-employment opportunities created through entrepreneurship trainings and incubation centre. The Company actively engages in supporting entrepreneurship development in the country as part of its activities for Bhutan Innovation and Technology Centre. The Company organizes the annual Business Idea Competition of Bhutan and various short-term trainings for Bhutanese entrepreneurs. The Company has also provided Nu. 184,000 in donations and contributions towards social causes in the year 2016.

Challenges

The Company faces the challenge of attracting new IT/ITES companies to come and locate at the IT Park and retaining the trust and confidence of the companies that are already located at the IT Park. Attracting foreign companies to Bhutan is challenging and takes a long time to get a company to make the decision to move part of their operations to Bhutan. Overall, this is part of the bigger challenge that Bhutan faces in promoting itself as an attractive investment destination for foreign investors. In addition, the IT Park also faces the challenge of being located at a distance from the centre of the city that is not very convenient for the tenants. In addition, the reliability of Internet connectivity is also poses a problem for the tenants sometimes. Despite these challenges, with the guidance of our Board and our Shareholders and the support from all the stakeholders, we have been able to make some significant progress in 2016 and we are hopeful that the same level of progress can be achieved in the year 2017.

Acknowledgement

The Company would like to acknowledge with thanks the invaluable support and guidance received from Druk Holding and Investments, Bhutan Telecom Limited, the Board Directors, the Ministry of Information and Communications, the Royal Government of Bhutan and all other stakeholders.



(Jigme Thintye Namgyal)
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

The year 2016 has been special for many reasons – it was the fifth year since the operations of the IT Park began on 7 May 2012, the second year of operations under full ownership of DHI, and the very first year when the company could make a real profit and declare a bonus for its employees.

Like in 2015, we had two main short term targets in 2016. They were: 1) completing the constructions of the new canteen space on the top floor by remodeling the terrace and new daycare centre funded by DHI and UNICEF, and 2) attracting tenants to fill up all the commercial space on the first and second floor.

The constructions have been completed and the new facilities are in full use today. On the tenancy front, we could fill up 96% of the commercial space on the first and second floor.

For the long term, the company drafted its five-year Corporate Strategic Plan and the five-year investment and financing plan. In addition, it also developed a risk register and standard operating procedures for the maintenance of plants and machineries and maintaining cleanliness.

One other important responsibility of the company is to manage and operate the Bhutan Innovation and Technology Centre which houses a business incubator and a Tier-2 Data Centre under the Design Build Operate Transfer (DBOT) contract with the Department of IT & Telecom, MoIC signed in September 2011. The DBOT contract which expired on 30th June 2016 was renewed for another five years since the company has successfully managed and operated the centre fulfilling the terms and conditions of the DBOT contract with the Government.

Some of the key achievements of the centre in 2016 are: the collaboration with the Ministry of Labour and Human Resources (MoLHR) in providing entrepreneurship trainings to youths, successful conduct of business idea competition of Bhutan 2015, collaboration with Loden Foundation and MoLHR to celebrate the Global Entrepreneurship Week 2016 and the establishment of relevant institutional linkages with both domestic and international organisations.

Overall, the company was able to meet almost all the financial and non-financial compact targets for 2016, thanks to the hard work and dedication of all the staff of TTPL and unwavering support received from our shareholders, the Government and other stakeholders.

Going forward, the company would like to focus on expansion of its business as well as physical infrastructure. We are confident that the IT Park would continue to play an important role in the development of IT/ITES industry for creating more employment opportunities and earning foreign exchange for Bhutan.



Dr. Tshering Cigay Dorji
Chief Executive Officer



Participants of Startup Boost Camp 2016 listen to a guest speaker, Mr Joginder Tanikella from India

S. N. Mukherji & Co.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To

The Shareholders of Thimphu TechPark Limited

Thimphu,

Bhutan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Thimphu TechPark Limited** (the Company), which comprise the Statement of Financial Position as at December 31, 2016, and the Statement of Comprehensive Income and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, 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 December 31, 2016, and its financial performance and cash flows for the year ended on that date in accordance with Bhutanese Accounting Standards (BAS).

Basis for Opinion

We conducted our audit in accordance with the provisions of the Companies Act of Bhutan, 2016 (the Act) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

During the year under audit we have not come across any issues which in our opinion requires mention under this head.



S.N.Mukherji & Co.
Chartered Accountants

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS 1 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

- (i) As required by the section 266 of the Companies Act of Bhutan, 2016 (Minimum Audit Examination and Reporting Requirements) we enclose in the Annexure a statement on the matters specified therein to the extent applicable.
- (ii) As required by section 265 of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of Changes in Equity and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.
 - d) in our opinion, the Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of Changes in Equity and Statement Cash Flows comply with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan 2016.



S.N.Mukherji & Co.
Chartered Accountants

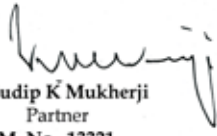
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required give a true and fair view in conformity with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016:

- I) In the case of Statement of Financial Position, of the state of affairs of the Company as at 31st December 2016;
- II) In case of Statement of Comprehensive Income and Other Comprehensive Income, of the profit of the Company for the year ended on that date;
- III) In the case of Statement of Changes in Equity, of the movement of the Shareholders' Equity of the Company for the year ended on that date and;
- IV) In the case of Statement of Cash Flows of the movement of cash flows of the Company for the year ended on that date.

Place: Thimphu
Date: 24-02-2017

For S. N. Mukherji & Co.
Chartered Accountants,
Firm Reg. No. 301079E




Sudip K Mukherji
Partner
M. No. 13321

Chartered Accountants

THIMPHU TECHPARK LIMITED
THIMPHU: BHUTAN
2016

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT

ANNEXURE REFERED TO IN OUR REPORT OF EVEN DATE

1. The Fixed Assets Register is being maintained and updated by the Company and it was explained to us by the Management that Physical Verification of Fixed Assets has been carried out by the Company during the year.
2. Fixed Assets held as Investment Properties have been revalued during the year under audit.
3. The procedure of physical verification of inventories at periodical interval is not applicable to the Company.
4. The Company has no inventory.
5. The Company has availed loan from Bank of Bhutan Ltd. The terms and conditions of the loan are *prima facie* not prejudicial to the interest of the Company. The Company has not taken any loan, secured or unsecured from companies, firms and other parties under the same management.
6. The company has not granted any loans secured or unsecured to other companies, firms or other parties, and/or to the companies under the same management.
7. No loans and advances other than advances to suppliers in the regular course of business had been given by the Company.
8. The advances granted to officers/staff are in keeping with the policy of the Company and no excessive and frequent advances are given.
9. The Company has introduced internal control system which will ensure completeness, accuracy and reliability of accounting records, and to carry out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules/ regulations and system and procedures. The system should be strengthened and reviewed from time to time to make it more effective keeping in view the increased volume of activity of the company.
10. The Company is having an adequate system in force to ensure the purchase of goods and services at fair price. The Company is not engaged in manufacturing or trading activities. Hence competitive bidding for purchase of raw materials is not applicable.



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Chartered Accountants

11. As informed to us, there are transactions with the company or firms in which the directors are directly or indirectly interested and covered in the 'Notes to the Financial Statements'.
12. Since the Company is not holding any item of stores, raw materials or finished goods, verification of unserviceable or damaged stores at periodical interval is not applicable to the Company.
13. Since the Company is not involved in the manufacturing activity the question of ascertaining and identifying point of occurrence of breakage/damages of raw materials, finished products, etc. is not applicable to the Company.
14. The company has no finished products since it is in the service sector.
15. The company has no realizable by products and scraps since it is in the service sector.
16. The Company has been regular in depositing TDS, PF and other Statutory Dues.
17. No undisputed amount is payable in respect of rates, taxes, duties, provident funds and other statutory deductions at the last day of the financial year i.e. 31.12.2016 except the following:

Particulars	Balance Outstanding on 31.12.2016 (Nu.)
TDS 2%	9,884.87

The Company has deposited the same subsequently.

18. According to the information and explanations given to us, no personal expenses have been debited to the Statement of Comprehensive Income expecting those payable under contractual obligations/ service rules.
19. The company is in service sector and hence there is no regular consumption of materials and stores.
20. Quantitative reconciliation is not applicable in view of the fact that the Company is falling under service sector and not under manufacturing sector.
21. The Company is not holding any item of raw materials, finished goods, stores and spares, etc. and hence writing off amounts of such items is not applicable.
22. Allocation of man-hours to respective jobs is not applicable for this company.
23. The Company is in the service sector and hence there is no system for issue of stores and allocation of materials and labour to jobs.



S.N.Mukherji & Co.
Chartered Accountants

24. The Company is not involved in production activity and accordingly price fixation on the basis of cost of production and market condition is not applicable.
25. No sale has been made by the Company.
26. The system of follow up with debtors and other parties for recovery of outstanding dues is reasonable.
27. In our opinion the management of cash and bank balance is reasonable.
28. According to the information and explanations given to us and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful and intra-vires to the Articles of Incorporation of the Company.
29. In our opinion, and according to the information and explanations given to us, the company has a system of approval of the Board for all capital expenditure.
30. The company has established an effective budgetary control system.
31. Since the company is operating in service sector, establishment of input-output relationship and standard costing system is not applicable.
32. The company has paid salary to the Chief Executive Officer(CEO) and disclosed in Para No. (ii) a. of Note No.13.
33. According to the information and explanation given to us the directives of the Board have been generally complied with.
34. This is a closely held company and the issue of transmitting price sensitive information does not arise.
35. The company has not acquired/given any machinery/equipment on lease.



S.N.Mukherji & Co.
Chartered Accountants

Computerized Accounting Environment

1. The company maintains the account in computerized accounting system.
2. As regards back up facilities and disaster recovery measures, the backup files are kept in a different and remote location using cloud services.
3. The operational controls are found reasonable to ensure the correctness and validity of input data and output information.
4. As explained to us, the measures taken by the company to prevent unauthorized access over the computer installation and files are generally reasonable.

General

(1) Going Concern Problem

Based on the company's financial statements audited by us for the year ended 31st December 2016, we have reason to believe that the company is a going concern.

(2) Compliance of Companies Act Bhutan:

According to the information and explanations given to us and based on the records produced to us for verification, we are of the opinion that the Company has complied with all the provisions of The Companies Act of Bhutan, 2016 excepting some minor issues as detailed in the Compliance Check List. The Company has assured that full compliance will be ensured in 2017.



S.N.Mukherji & Co.
Chartered Accountants

(3) Adherence of Laws Rules & Regulations:

Audit of the Company is governed by The Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements as produced to us by the management. In the course of audit, we have considered the compliance of provisions of the said Companies Act and are generally satisfied with the same.

The Company may introduce a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices to be certified by the CEO and the Company Secretary and placed at the meetings of the Board of Directors of the Company.

Place: Thimphu
Date: 24-02-2017

For S. N. Mukherji & Co.
Chartered Accountants.
Firm Reg. No. 301079E




Sudip K Mukherji
Partner
(M. No. 13321)

(All figures in Bhutanese Ngultrums unless otherwise stated)

Thimphu TechPark Limited
Statement of Financial Position As at 31 December 2016

Ngultrum	Note	31-Dec-16	31-Dec-15
ASSETS			
NON CURRENT ASSETS			
Investment Property (Building)		283,157,239	269,090,381
Property, Plants & Equipments	5	12,344,700	11,106,613
Intangible	6	10,294	16,174
	A	295,512,232	280,213,167
CURRENT ASSETS			
Trade Receivables	12b	3,993,551	3,115,733
Other Receivables and Advances		278,695	246,170
Cash and bank		17,973,983	23,363,513
	B	22,246,230	26,725,415
Total Assets (A+B)		317,758,462	306,938,582
EQUITY AND LIABILITIES			
SHAREHOLDER EQUITY			
Paid up Share capital	7	188,384,500	188,384,500
Revaluation Reserve		14,436,895	6,030,923
Retained Earnings		(20,439,635)	(25,474,786)
	C	182,381,760	168,940,637
NON CURRENT LIABILITIES			
Long Term Borrowings	8	22,826,285	26,189,907
Grant from DHI		2,500,000	-
Other Non-Current Liabilities	9	100,081,576	100,413,573
	D	125,407,861	126,603,480
CURRENT LIABILITIES			
Current Portion of Long Term Borrowings		3,353,242	3,034,823
Trade and Other Payables	12c	3,711,151	6,776,201
Grant from UNICEF		674,421	-
Employees' Benefits Payable		976,662	236,908
Other Current Liabilities		1,253,365	1,346,532
	E	9,968,842	11,394,465
Total Equity and Liabilities (C+D+E)		317,758,462	306,938,582

This is the Statement of Financial Position referred to in our report of even date.

As per our report attached

For S.N. Mukherji & Co.

Chartered Accountants

Firm Reg. No. 301079E

Sudip K Mukherji

Partner

Membership No. 13321

Place: THIMPHU

Date: 24-02-2017

for Thimphu TechPark Limited

Jigme Phuntse Namgyal
ChairmanTshering Cigay Dorji
Chief Executive Officer

(All figures in Bhutanese Ngultrums unless otherwise stated)

Thimphu TechPark Limited
Statement of Comprehensive Income and Other Comprehensive Income for the year ended 31 December 2016

Ngultrum	Note	31-Dec-16	31-Dec-15
Comprehensive Income			
<i>Operating Income</i>			
Commercial space		14,542,725	8,088,108
BITC space		2,400,453	1,268,737
Internet Leased line		8,386,229	1,354,400
BITC Events		4,641,080	783,060
<i>Finance Income</i>	11	808,719	933,149
<i>Other Income</i>			
BITC Rental from DITT		1,155,555	1,155,555
Others	12a	382,299	2,674,045
Total Income		32,317,060	16,257,054
<i>Less: Expenses</i>			
Personnel Costs	2	4,976,082	3,565,710
General Administrative Expenses	3	18,156,952	5,714,127
Depreciation	5	1,366,778	1,191,988
Amortization	6	5,880	960,859
Finance Cost		2,776,217	3,071,424
Total Expenses		27,281,909	14,504,108
Profit from Operations before Tax		5,035,151	1,752,946
Other Comprehensive Income			
Revaluation Gain/Loss on Investment Property		8,405,972	11,590,559
Profit/(Loss) for the year ended 2016		13,441,123	13,343,505
Basic and Diluted Earnings per Share	4	7.13	7.08

This is the Statement of Comprehensive Income and Other Comprehensive Income referred to in our report of even date.

As per our report attached

For S.N. Mukherji & Co.

Chartered Accountants

Firm Reg. No. 301079E

Sudip K Mukherji

Partner

Membership No. 13321

Place: Thimphu

Date: 24-02-2017

for Thimphu TechPark Limited

Jigme Thinley Wangyal
Chairman

Tshering Cigay Dorji
Chief Executive Officer



(All figures in Bhutanese Ngultrums unless otherwise stated)

Thimphu TechPark Limited
Statement of Changes in Equity for the year ended 31 December 2016

Ngultrum	Note	Share Capital	Retained earnings	Revaluation Reserve	Total Shareholder Equity
Opening Balance 1 January 2016		188,384,500.00	(25,474,786.01)	6,030,923.43	168,940,637.42
Additional Equity Comprehensive Income for the year ended 31.12.2016		-	5,035,150.78	8,405,971.81	13,441,122.59
Closing Balance 31 December 2016		188,384,500.00	(20,439,635.23)	14,436,895.24	182,381,760.00

Thimphu TechPark Limited
Statement of Changes in Equity for the year ended 31 December 2015

Ngultrum	Note	Share Capital	Retained earnings	Revaluation Reserve	Total Shareholder Equity
Opening Balance 1 January 2015		188,384,500.00	(27,227,732.32)	(5,559,635.07)	155,597,132.61
Additional Equity Comprehensive Income for the year ended 2015		-	1,752,946.31	11,590,558.50	13,343,504.81
Closing Balance 31 December 2015		188,384,500.00	(25,474,786.01)	6,030,923.43	168,940,637.42

This is the Statement of Changes in Equity referred to in our report of even date.

As per our report attached
 For S.N. Mukherji & Co.
 Chartered Accounts
 Firm Reg. No. 301079E

Sudip K. Mukherji
 Partner
 Membership No. 13321

Place: *Thimphu*
 Date: *24-02-2017*



for Thimphu TechPark Limited

Jigme Thinley Namgyal
 Chairman

Tshering Cigay Dorji
 Chief Executive Officer



(All figures in Bhutanese Ngultrums unless otherwise stated)

Thimphu TechPark Limited
Statement of Cash Flows for the year ended 31 December 2016

Ngultrum	31-Dec-16	31-Dec-15
Cash Flows from Operating Activities		
Income	31,439,241	13,627,182
Expenses	(25,916,020)	(13,174,251)
Interest Paid	(2,776,217)	(5,714,127)
Net Cash Used in Operating Activities	2,747,004	(5,261,196)
Cash Flows from Investing Activities		
Reduction in Loans and Advances	-	-
Fixed Assets additions	(8,265,752)	(8,061,318)
Net Cash generated/ (Used) in Investing Activities	(8,265,752)	(8,061,318)
Cash Flows from Funding Activities		
Increase in Paid Up Capital	-	-
Grants Received	3,174,421	-
Increase/ (Repayment) of Bank Loan	(3,045,204)	(2,747,735)
Net Cash Generated by Funding Activities	129,217	(2,747,735)
Net Increase in Cash and Bank Balances	(5,389,530)	(16,070,249)
Cash and Bank balances at the start of the year	23,363,513	39,433,762
Cash and Bank balances at the year ended 31.12.2016	17,973,983	23,363,513

This is the Statement of Cash Flows referred to in our report of even date.

As per our report attached
 For S.N. Mukherji & Co.
 Chartered Accountants
 Firm Reg. No. 301079E

for Thimphu TechPark Limited

Sudip K Mukherji
 Partner
 Membership No. 13321

Jigme Thinzin Namgyal
 Chairman

Tshering Cigay Dorji
 Chief Executive Officer

Place: Thimphu
 Date: 24-02-2017



(All figures in Bhutanese Ngultrums unless otherwise stated)

A. Significant accounting policies of Thimphu TechPark Limited

1. Reporting Entity

Thimphu TechPark Limited (the "Company") was incorporated on 24th August 2009 to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) an IT Park at Wangchutaba, Babesa, Thimphu. It is first IT Park in the country promoted by the Ministry of Information & Communication, supported by the World Bank and developed jointly by Assetz Property Group of Singapore and Druk Holdings & Investments, Bhutan.

Currently, its principal activity is to attract both foreign and domestic IT/ITES companies to rent space at the IT Park. The Company also operates Bhutan Innovation and Technology Centre on behalf of the Department of IT & Telecom, Ministry of Information and Communications.

All significant operations take place within Bhutan. The company was incorporated under the companies Act of Kingdom of Bhutan a listed, limited company. Druk Holding & Investments Limited purchased the shares of Assetz Property Group on 29 October 2014 and became the 100% owner of the Company. New shares were subsequently issued to Bhutan Telecom Limited. The current shareholding is DHI 51% and BTL 49%.

The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Wangchutaba, Babesa, Thimphu, Bhutan.

These Financial Statements relate to the year ended 31 December, 2016.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- **Income:** Revenue is determined on the basis of the percentage of completion of contracts and the likely outcome of the contract. The rental charges for the tenants, escalated with the terms of the TTPL as per its contract.
- **Fixed assets:** The rental property is valued at depreciated replacement value. Other fixed assets are depreciated over the estimated useful life.
- The functional currency of preparation is the Bhutanese Ngultrum.



*(All figures in Bhutanese Ngultrums unless otherwise stated)***3. Application of Bhutanese Accounting Standards**

The Financial Statements have been prepared in line with Bhutanese Accounting Standards for the year ended 31 December 2016. The summarized impact of the introduction of BAS is to, company has presented Statement of Financial Position and Statements of Comprehensive Income and Other Comprehensive Income as per BAS.

4. Investment Property

The major business of the company is to provide premises on rent. The holding of land and buildings is anticipated to give rise to capital appreciation, which is an integral part of the expected gain on the investment. Accordingly, land was lease with Thimphu Thromde and buildings have been valued under the terms of BAS 40 Investment Properties.

There is a lack of readily available information as a basis for calculating market prices and capitalization rates of rents received. The building is specifically designed as an IT Park, so there is no comparable building Bhutan. Accordingly, the Depreciated Replacement Method has been applied in valuing the building.

Revaluation is done on Building of IT Park as of 31st December 2016 alike previous financial years DHI Infra Limited.

5. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labor cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Plant and machinery, Motor Vehicle and other equipment	10-15 years
Furniture and fixtures and office equipment	10 years
Computers and accessories	4 years

The residual value of plant & machinery and Motor Vehicle has been assessed as 5%. Other assets are assessed to have no residual value.



*(All figures in Bhutanese Ngultrums unless otherwise stated)***6. Intangible Assets****Computer Software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

7. Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and Bank' in the balance sheet.

8. Trade and other receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

9. Cash and Bank

In the Statement of Cash Flows, cash and bank includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

10. Trade and other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

11. Current and deferred income tax

The company has been granted a tax holiday by the Department of Revenue and Customs for a period of 15 years from 20 June 2013 to 20 June 2028 vide letter No. **DRC/TAX-A&L/HOL(A) 2013/1511 dated 25.10.2013**. Accordingly, no provision is necessary for current or deferred tax.

12. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, which are assets that necessarily take a substantial period



(All figures in Bhutanese Ngultrums unless otherwise stated)

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.

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

13. Employee Benefits

a. Retirement Benefits

Under Defined Contribution Scheme.

Employees belong to a Defined Contribution Benefit Plan managed by a separate entity. The company has no legal or constructive obligations to pay further contributions if the separate entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b. Other benefits

Other benefits such as Leave Travel Concession and Performance Based Variable Allowances are accrued only at year end without actuarial valuation except Leave Encashment which is provided for on the basis of actuarial valuation.

14. Provisions and Contingent Liabilities

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

A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

15. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes. The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the company.

16. Lease

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income and Other Comprehensive Income on a straight-line basis over the life of the lease term. TTPL currently has no financial leases.



17. Comparative information

Comparative information for prior year end has been updated to comply with the introduction of Bhutanese Accounting Standards.

B. Notes to the Financial Statements

1a. The Royal Government of Bhutan through Department of Information and Technology (DIT), Ministry of Information and Communication have awarded a contract to company to design, Build, Finance, Own and Transfer (DBFOOT), an Information Technology Park consisting of 50,000 SFT on acres of land at Babesa, Thimphu. The 5 acres of Land is provided by DIT is on lease for an initial period of 30 years and shall be renewed automatically for two consecutive times for a period of 30 years each.

In terms of the contract awarded by DIT, out of 50,000 SFT of IT Park, 10,000 SFT of the IT Park will be leased by the company to DIT for an initial period of 30 years with an automatic renewal for the same tenure up to a maximum of 90 years including initial lease period. The said premises are leased to the Department of Information and Technology for the purpose of establishing an incubation facility, a shared technology center and a data center. Accordingly, the company handed over the aforesaid premises of 10,000 Sft, to the Department of Information and Technology (DIT) in October 2011. The aggregate fixed lease amount of USD 2 million (Equivalent to Nu 104,000,000) toward lease of the 10,000 SFT of space has been received from Department of Information and Technology (DIT) for the above mentioned total lease period of 90 years and the same has been disclosed as advance lease rental under Current Liabilities. During the year the company has recognized an amount of 11.55 lakhs as rental income on the basis of straight line apportionment of advance lease rental.

1b. An amount of Nu. 330,995.96 is receivable from M/s. iSOFT Pvt. Ltd. for which a suit has been filed with the District Court, Thimphu Dzongkhag during the year 2016.

1c. Nu. 2,500,000.00 and Nu. 1,028,705.00 have been received from Druk Holding & Investments Limited and UNICEF for the construction of Day Care Centre and purchase of Early Child Care Development (ECCD) materials respectively at site during the year 2016. Nu. 2,500,000.00 has been fully spent for the construction of Day Care Centre and Nu. 354,284.00 has been spent for purchase of ECCD materials during 2016. Grant of Nu. 2,500,000.00 has been shown under "Non – Current Liabilities" and the residual grant of Nu 674,421.00 has been shown under "Current Liabilities".

1d. Bhutan Innovation & Technology Centre (BITC) is operated by the Company by virtue of an agreement between the Company and Department of IT & Telecom, under the Ministry of Information & Communication, Royal Government of Bhutan. By virtue of the aforesaid



(All figures in Bhutanese Ngultrums unless otherwise stated)

agreement certain income and expenses incurred for the purpose will be shared between BITC and the Company and the net surplus will be shared by them. The amount payable, if any, under the said agreement is subject to reconciliation between BITC and the Company and will be accounted for as and when determined.

1e. Employee Benefit Payable has been computed by the Actuary appointed by the Company and the basis adopted is as follows:-

Employees' Leave Liability

Assumptions used in the valuation are;

Assumptions	31-Dec-16
Discount Rate	7.50%
Salary Escalation Rate	10%
employee Turnover Rate	5%
Mortality Rates	100% of IALM (2006-08)

Employees' Gratuity Liability

A. ACCOUNTING EXHIBITS	In Ngultrums
A1. Change in Defined Benefit Obligation (DBO)	31-Dec-16
DBO at the beginning of the current period	92,280.00
Current Service Cost	109,715.00
Interest Cost	6,921.00
Past service Cost	
Benefits paid from plan assets	
Actuarial (gain) /loss due to plan experience	(22,763.00)
Actuarial (gain) /loss due to change in demographic assumptions	
Actuarial (gain) /loss due to change in financial assumptions	
DBO at the end of the current period	186,153.00
A2. Income Statement	31-Dec-16
Current Service Cost	109,715.00
Past Service Cost	
Net Interest cost on net DB liability/(asset)	6,921.00
Net Cost for the year recognized in profit or loss	116,636.00
A3. Other Comprehensive Income (OCI)	31-Dec-16
Actuarial (Gain)/ Loss due to liability experience	(22,763.00)
Actuarial (Gain)/ Loss due to liability assumption changes	



(All figures in Bhutanese Ngultrums unless otherwise stated)

Return on Plan assets (Greater) or Less than discount rate	
Re-measurement (Gain)/ Loss recognized in OCI	(22,763.00)
A4. Defined Benefit Cost	31-Dec-16
Current service cost	109,715.00
Past Service cost	
Net interest cost on net DB liability/(asset)	6,921.00
Re-measurement (Gain)/Loss recognized in OCI	(22,763.00)
Total Defined Benefit Cost	93,873.00
A5. Development of Net Financial position	31-Dec-16
Defined Benefit Obligation	(186,153.00)
Fair Value of Plan Assets	
Funded status- (Deficit)/ Surplus	(186,153.00)
Net Defined Benefit Assets/(Liability)	(186,153.00)
A6. Reconciliation of Net Balance sheet position	31-Dec-16
Net Defined Benefit liability/(asset) at the beginning of current period	92,280.00
Amount recognized in the Statement of Profit or Loss	116,636.00
Amount recognized in the OCI	(22,763.00)
Employer contributions	
Benefits paid by employer	
Net Defined Benefit liability/(asset) at the end of current period	186,153.00
A7. Expected Benefit Payments for the year ending	In Nu.
December 31,2017	25,308
December 31,2018	38,726
December 31,2019	53,320
December 31,2020	69,181
December 31,2021	86,406
December 31,2022 to December 31,2025	732,571
A8. Estimated Term of Liability (Years)	16.45

A.9 Sensitivity Analyses	In Nu	
	Defined Benefit Obligation	Net Effect on DBO
1. Discount Rate		
Base Discount Rate of 7.5%	186,153.00	-
Discount Rate of 8% (+0.5%)	174,281.00	(11,872.00)
Discount Rate of 7% (10.5%)	199,128.00	12,975.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

2. Salary Escalation Rate

Base Salary Escalation Rate of 10%	186,153.00	-
Salary Escalation Rate of 11% (+1%)	195,955.00	9,802.00
Salary Escalation Rate of 9% (-1%)	176,356.00	(9,797.00)

3. Attrition Rate

Base Attrition Rate of 5%	186,153.00	-
Attrition Rate of 6% (+1%)	180,171.00	(5,982.00)
Attrition Rate of 4% (-1%)	191,937.00	5,784.00

B. SCHEME DESCRIPTION**B.1 Gratuity Scheme Benefits as at 31 December 2016**

1. Normal Retirement Age: 58 years for CEO and 56 years for the rest
2. Benefits Payable on: Death/Disability/Resignation/Normal Retirement.
3. Form of Benefit: Lump Sum
4. Vesting Period: 5 Years
5. Maximum Benefit: Nu. 1,500,000.00
6. Benefit Formula: Monthly Basic Salary at the time of exit X Eligible service rendered till the time of exit rounded to the nearest integer.

C. ACTUARIAL ASSUMPTIONS**C.1 Summary of Actuarial Assumptions**

	31-Dec-16
Discount Rates	7.50%
Salary Escalation Rates	10%
Employee Turnover Rate	5%
Mortality Rates	100% of IALM (2006-08)



(All figures in Bhutanese Ngultrums unless otherwise stated)

2. Personnel Costs

Particulars	31-Dec-16	31-Dec-15
Personnel Cost_ Communication Allowances	-	49,055
Personnel Cost_ Internship Fees	60,000	40,128
Personnel Cost_ SALARY	3,327,632	2,828,790
Personnel Cost_ Provident Fund_ Employer's Cont.	204,954	75,856
Employees' Benefits	1,343,754	236,908
Personnel Cost_ Training & Development	-	268,022
Personnel Cost_ Wages	39,742	66,950
Total	4,976,082	3,565,710

3. General Administrative Expenses

Particulars	31-Dec-16	31-Dec-15
A. Administration Expenses	16,992,133	4,976,696
Audit Fees	57,500	50,000
Audit Expenses	77,663	84,529
Bank Charges	-	3,543
Board Committee Sitting Fees	24,000	133,680
Board Committee Meeting Expenses	32,978	7,133
Board Meeting Expenses	16,450	17,422
Board Sitting Fees	252,000	240,000
Board Director/CS Training Expenses	675,906	-
Brand & Management Expenses	22,115	-
Books & Periodicals	-	9,602
Building Insurance	147,840	135,520
Car Fuel Expense	112,250	100,000
Car Hiring Charges	24,000	288,000
Car Insurance	35,051	-
Car Maintenance	23,235	23,998
Corporate Social Responsibility	140,000	130,000
Consultancy Expenses	185,070	57,463
DG Fuel Expenses	149,926	75,728
DHI CEO RTM Expenses	34,163	-
Donations	44,000	-
Electricity Charges to BPC	3,251,270	1,612,759
Email Hosting & Microsoft online 365	46,996	41,664
Fees & Subscription	14,880	19,410
Gifts & Present	18,470	13,453



(All figures in Bhutanese Ngultrums unless otherwise stated)

Hospitality & Entertainment Expenses	136,640	149,877
House Keeping Expenses	87,772	109,135
Internet Leased Line Expenses	8,804,313	661,500
Internet, Telephone & Fax Charges	119,688	176,215
Membership Fees	28,882	-
Loss on Change of Rating (%)	-	8,331
Miscellaneous/Office Expenses	116,613	134,755
Office Annual Rindro	50,000	-
Postage Expenses	4,985	5,745
Prior Period Adjustment (Expenses)	-	481
Printing & Stationery	87,674	91,254
Security Services	-	150,000
Travel Expenses_ Local	46,420	17,740
Wages for Minor Works		4,100
Land Lease	217,800	54,450
Sundry Debtors Write Off	10,250	-
BITC Adhoc Training Expenses	1,895,634	369,208
B. Repair & Maintenance	658,700	242,744
Building Maintenance	119,467	81,507
DG Maintenance	118,146	1,050
Electrical System Maintenance	55,724	35,079
Façade Cleaning Maintenance	108,388	-
Fire Protection System Maintenance	22,220	-
Garden Maintenance	18,865	7,190
Landscape Maintenance	13,950	43,250
Plumbing System Maintenance	97,700	29,668
HVAC and Heating System Maintenance	23,715	16,500
Sewage Treatment Plant Maintenance	80,525	28,500
C. Marketing & Promotion	506,119	494,687
Advertisement (Domestic)	34,317	14,738
Advertisement Targeting for International Investor	101,700	100,000
International Marketing	370,102	379,949
Total (A+B+C)	18,156,952	5,714,127



(All figures in Bhutanese Ngultrums unless otherwise stated)

4. Earnings Per Share

Particulars		31-Dec-16	31-Dec-15
Profit/ (Loss) for the year ended 31.12.2016	Nu.	13,441,123	13,343,505
Weighted average number of shares in issue		1,883,845	1,883,845
Basic and Diluted Earning per share		7.13	7.08



(All figures in Bhutanese Ngultrums unless otherwise stated)

5. Property, Plant & Equipment

Particulars	Gross Block			Depreciation			Net Block	
	Opening	Additions	Deletions	Closing	Opening	Additions	Closing	31/12/2015
Diesel Generator	5,280,121.00	0.00	0.00	5,280,121.00	1,672,038.32	501,611.50	2,173,649.81	3,106,471.19
Fire Protection	9,110,933.00	0.00	0.00	9,110,933.00	1,923,419.19	577,025.76	2,500,444.95	6,610,488.05
Plant & Machinery	14,391,054.00	0.00	0.00	14,391,054.00	3,595,457.51	1,078,637.25	4,674,094.76	9,716,959.24
Furniture & Fixtures	56,685.00	168,000.00	0.00	224,685.00	16,835.95	6,770.14	23,606.09	201,078.91
Office Equipment	192,336.00	54,200.00	0.00	246,536.00	47,440.94	31,483.22	78,924.16	167,611.84
Computer & Accessories	442,681.00	203,300.00	0.00	645,981.00	316,409.00	50,201.66	366,610.66	279,370.34
Motor Vehicle	0.00	2,179,365.40	0.00	2,179,365.40	0.00	199,685.84	199,685.84	1,979,679.56
Total Property & Plants	15,082,756.00	2,604,865.40	0.00	17,687,621.40	3,976,143.40	1,366,778.19	5,342,921.51	12,344,699.89
								11,106,612.60

6. Intangible

Particulars	Gross Block			Amortization			Net Block	
	Opening	Additions	Deletions	Closing	Opening	Additions	Closing	31/12/2015
Software	166,753.00	0.00	0.00	166,753.00	150,579.26	5,880.00	156,459.26	16,173.74
Pre-Operative Expenses	4,297,406.67	0.00	0.00	4,297,406.67	4,297,406.67	0.00	4,297,406.67	0.00
Total Intangibles	4,464,159.67	0.00	0.00	4,464,159.67	4,447,985.93	5,880.00	4,453,865.93	16,173.74



(All figures in Bhutanese Ngultrums unless otherwise stated)

7. Share Capital

Particulars	31-Dec-16		31-Dec-15	
	No. of Shares	Amount (Nu.)	No. of Shares	Amount (Nu.)
Authorized Capital	5,000,000	500,000,000	5,000,000	500,000,000
Share Value	100	-	100	-
Paid up Capital (Opening Balance)	1,883,845	188,384,500	1,883,845	188,384,500
New shares issued during the period	-	-	-	-
Closing	1,883,845	188,384,500	1,883,845	188,384,500

Note:

The shareholding patterns as of 31 December 2016 is as follows:

Sl No.	Name of the Shareholders	No. of Shares held	% of Shareholding
1	Druk Holding & Investments Limited	960,761	51%
2	Bhutan Telecom Limited.	923,084	49%
Total		1,883,845	100%

8. Long Term Borrowings

Particulars	31-Dec-16	31-Dec-15
Long term Borrowings	22,826,285	26,189,907
Total	22,826,285	26,189,907

9. Other Non-Current Liabilities

Particulars	31-Dec-16	31-Dec-15
Lease Security Deposit	97,066,671	98,222,226
Security Deposit	2,053,450	719,500
Retention Monies	961,455	1,471,847
Total	100,081,576	100,413,573



(All figures in Bhutanese Ngultrums unless otherwise stated)

10. Trade and Other Payables

Particulars	31-Dec-16	31-Dec-15
Sundry Creditors	3,711,152	6,776,201
Total	3,711,152	6,776,201

11. Finance Income

The interest generated from the fixed deposit account is accounted as *finance income* in statement of comprehensive income.

Particulars	31-Dec-16	31-Dec-15
Interest Income from Fixed Deposit with BDBL	808,719.12	933,149.24
Total	808,719.12	933,149.24

12. Other Information**a. Other Income**

Particulars	31-Dec-16	31-Dec-15
Disposal of Old Materials	40,000.00	-
Refunded Income and old rental collected	-	313,868.00
Sale of Tender Documents	11,500.00	-
Discount Received	329,824.05	217,925.94
Prior Period Adjustment (Income)	975.15	8,598.61
Sundry Creditor Write Off	-	2,133,653.00
Total	382,299.20	2,674,045.55



(All figures in Bhutanese Ngultrums unless otherwise stated)

b. Lists of Trade Receivables or Sundry Debtors

Sundry Debtors	Amount (in Nu)
Athang Training Acedamic Receivable	85,000.00
Bhutan Professional Services	1,000.00
Cafeteria	30,670.00
Data Centre Services Lt Receivable	880,259.49
DITT, MOIC Receivable	124,025.00
Gatshel Norphel Construction Receivable	9,650.65
Green Manufacturing & Repairing Receivable	45,000.00
ISOFT Pvt. Ltd (Commercial Space) Receivable	330,995.96
M/s. Khazon Group of Company Receivable	6,050.00
MultiRational Pvt. Ltd Receivable	216,470.56
Phuensum Peljor Ghatyar Cons Receivable	3,682.70
Scan Cafe Pvt. Ltd Receivable	1,693,441.89
Secure Linked Services (SELISE) Receivable	50,625.00
SouthTech (Bhutan) Pvt. Ltd. Receivable	136,752.34
Thuksey Research & Consultancy	3,850.00
Total Sundry Debtors (in Nu)	3,617,473.59
Interest Accrued on Fixed Deposits	376,077.87
Grand Total (Trade Receivable) (in Nu.)	3,993,551.46

Note: Trade Receivable outstanding for more than 6 months

Nu. 461,995.96

Others

Nu. 3,155,477.63

Total**Nu. 3,617,473.59****c. Trade Payable or Sundry Creditors**

Sundry Creditors	Amount (in Nu)
Bhutan Power Corporation (BPC)	489,368.00
Bhutan Telecom Ltd.	11,614.79
DHI Infra Ltd.	15,000.00
RICBL	10,200.00
S.N MUKHERJI & Co.	57,500.00
Suvidha Engineers India Pvt. Ltd.	3,073,087.00
Tashi InfoCom Pvt. Ltd	54,381.85
Total Sundry Creditors (in Nu)	3,711,151.64



(All figures in Bhutanese Ngultrums unless otherwise stated)

d. Retention Monies

Retention Monies	Amount (in Nu.)
M/s. Tiny Toes Supplies	35,428.40
Phuensum Peljor Ghatyar Construction	196,658.44
Suvidha Engineers - Retention	729,368.00
Total (in Nu)	961,454.84

e. Security Deposits

Security Deposit	Amount (in Nu)
Business Process Services Pvt. Ltd _ Security Depos	360,000.00
Cafeteria _ Security Deposit	20,000.00
Data Center Services _ Security	300,000.00
ISOFT Pvt. Ltd _ Security Deposit	17,200.00
Scan Cafe Pvt. Ltd _ Security Deposit	1,181,250.00
Secure Linked Services (SELISE) _ security Deposit.	40,000.00
SouthTech (Bhutan) Pvt. Ltd _ Security Deposit	90,000.00
ZOOP KG _ Security Deposit	45,000.00
Total (in Nu)	2,053,450.00

f. Other Liability

In order to support the creation of employment opportunities for Bhutanese youths, TTPL allows interested foreign companies and individuals to engage Bhutanese youths as freelancers to get their works done from Bhutan. Such companies deposit some money in our account in advance and we make payments on their behalf. Such monies are reflected as liabilities which gets deducted as and when we make the payments. The balance of the same is as follows:

SI No.	Name of the Office	Amount (Nu.)
1	M/s. Respect Point Pvt. Ltd	87,924.91
	Total (in Nu)	87,924.91



(All figures in Bhutanese Ngultrums unless otherwise stated)

13. Related Party Disclosure**i. Transaction with Group Company****a. Bank of Bhutan (BOB)**

Particulars	Amount (in Nu)
Balances (CD Account) as of 31.12.2016	2,783,835.06
Borrowings – noncurrent as of 31.12.2016	26,179,527.34
Interest on loans	2,774,931.47
Bank Charges and fees for other financial services	885.00

b. Bhutan Telecom Limited (BTL)

Particulars	Amount (in Nu)
Equity Shares held by BTL	92,308,400.00
Communication; internet and telephone charges	119,687.66
Internet Leased line charges	8,252,390.33
Rental Income from group companies	1,054,130.20
Intragroup trade payables	11,614.79

c. Druk Holding & Investments

Particulars	Amount (in Nu)
Equity Shares held by DHI	96,076,100.00
Inter group Brand Management Fees	22,114.76
Grant for Day Care Centre construction	2,500,000.00

d. Bhutan Power Corporation Limited (BPCL)

Particulars	Amount (in Nu)
Electricity Charges	3,251,269.60
Intragroup trade payables	489,368.00

e. Druk Air Corporation limited

Particulars	Amount (in Nu)
Purchased of flight tickets and other services	38,874.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

f. State Trading Corporation of Bhutan Limited

Particulars	Amount (in Nu)
Cost of vehicle purchased from DHI Group companies	2,152,439.00

g. DHI Infra Limited

Particulars	Amount (in Nu)
Intragroup Consulting Fees	170,870.00
Intragroup trade payables	15,000.00

ii. Managerial Remuneration

Particulars	Amount (Nu.)
a. Remuneration paid to the CEO (Board Director) of the Company	
Salary & Allowance	1,116,000.00
Other Benefits	80,000.00
Provident Fund Contribution	85,800.00
Sitting Fees	56,000.00
b. Remuneration paid to the Manager (Company Secretary) of the Company	
Salary & Allowance	444,516.00
Other Benefits	38,695.00
Provident Fund Contribution	31,272.00
Sitting Fees	32,000.00
c. Directors' Sitting Fees	188,000.00
TOTAL (NU)	2,072,283.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

iii. Auditors' Remuneration

Particulars	Amount (Nu.)
<i>Remuneration to the Auditors of the Company</i>	
Statutory Audit Fees	57,500.00
Other Audit Expenses	77,662.70
TOTAL (NU)	135,162.70

iv. Key Management Personnel

List of Directors 2016
1. Mr. Jigme Thjnye Namgyal, Chairman (Newly Appointed) w.e.f 4 th March, 2016
2. Mr. Passang Dorji, Chairman (Resigned) w.e.f 4 th March, 2016
3. Dr. Tshering Cigay Dorji, Director and CEO
4. Mr. Pushpa Mani Pradhan, Director (Resigned) w.e.f 19 th July, 2016
5. Mrs. Karma Sonam Dorji, Independent Director (Resigned) w.e.f 4 th March, 2016
6. Mr. Dawa Sonam, Director (Newly appointed) w.e.f 4 th March, 2016
7. Mr. Karma Tshewang, Director (Newly Appointed) w.e.f 15 th October, 2016



THIMPHU TECHPARK LIMITED

2016

STATEMENT OF RATIO ANALYSIS

Financial and operational ratio in respect of the Company is given in the statement of Ratio Analysis.

Ratio	Basis	2016	2015
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.23	2.61
Quick Ratio	$\frac{\text{Quick Assets}}{\text{Quick Liabilities}}$	2.23	2.61
Debtors Turnover Ratio	$\frac{\text{Sales}}{\text{Sundry Debtors}}$	4.86	3.00
Total Expense to Total Income Ratio	$\frac{\text{Total Expense} * 100}{\text{Total Income}}$	84.41%	52.08%
Net Profit/(Loss) to Total Income	$\frac{\text{Net Profit/(Loss)} * 100}{\text{Total Income}}$	41.59%	47.92%



