



Thimphu TechPark
dhi Company

2018

Annual Report

© ***Thimphu TechPark Ltd. 2019***
All rights reserved.

The Year in Review

2018 was another good year for Thimphu TechPark Ltd. Since 2016, the company has not only been able to make social impact through employment creation, but also make some profit. In 2018, the company continued to focus on attracting foreign direct investors to set up office at the IT Park and promoting entrepreneurship and innovation through the incubation centre, startup events and trainings.

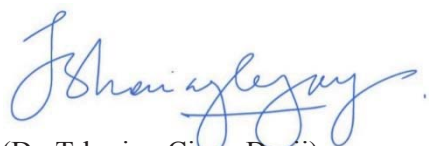
Since the commercial space in the first IT Park building was fully leased out in 2017, the company contracted out the construction of the second IT Park building to Construction Development Corporation Ltd. and the ground-breaking (Salang Tendrel) ceremony was held on 20th December 2017. The construction made smooth progress in 2018 and is well on its way to completion by 30th June 2019, the original deadline.

The company manages and operates 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. The company's focus on entrepreneurship and innovation ensues from this mandate. In 2018, we conducted Bhutan's first Hackathon called Bhutan Code Challenge 2018 on 15th and 16th December besides organizing Startup Weekend – Agritech, at CNR, Lobesa, from 26th to 28th October, and various other trainings, workshops and seminars. We also conducted a workshop on Blockchain and Cryptocurrencies in August 2018 to provide our policymakers, thought leaders and engineers deeper understanding and insights into this emerging technology.

Financially, the company achieved 'Profit on Operations Before Tax' of Nu. 10,952,486. The company is currently under tax holiday. The company declared a dividend of Nu. 8.91 Million, which is 4% of equity. This is the first time that the company has declared dividend since the inception of its operation in 2012.

For 2019, our additional focus would be on setting up the IT Services Department to consolidate certain IT services within the DHI Group, and provide services in fields such as Cyber Security and undertake research and development in emerging fields like AI and space technology in the long run in line with the DHI Roadmap 2030.

Attracting new IT/ITES companies, retaining the companies that are already located at the IT Park and reliability and speed of Internet connectivity remain to be some of the challenges. However, we are optimistic that we can overcome these challenges collectively given the unrelenting support of DHI, the Board of Directors and the Royal Government of Bhutan.



(Dr. Tshering Cigay Dorji)
Chief Executive Officer

Table of Contents

The Year in Review.....	iii
1. Company Profile.....	1
1.1 Our Vision.....	2
1.2 Our Mission.....	2
1.3 Core Values.....	2
1.4 Organizational Chart.....	3
2. Board of Directors.....	4-5
3. Management Team.....	6
4. Directors' Report.....	7-9
5. Corporate Governance Report.....	10
5.1 Directors' Appointment Date and Status	10
5.2 Board Meetings.....	11
5.3 Board Committee Meetings.....	12
5.4 Board Remuneration.....	12
5.5 Annual General Meeting.....	13
5.6 Risk Management System.....	13
5.7. Corporate Social Responsibility.....	13
5.8 Policies and Practices of CEO and Board Evaluation.....	13
6. Independent Auditors Report.....	14-59

1. Company Profile

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 17th July 2009.

Thimphu TechPark Pvt. Ltd (TTPL) was duly incorporated under the Companies Act of the Kingdom of Bhutan 2000 on 24th 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 29th 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.

TTPL's focus, since the start of operations in 2012, has been on two core services: attracting and facilitating FDI companies to lease commercial space within the 58,000 sq ft building and managing Bhutan Innovation and Technology Centre which contains Bhutan's first incubation centre and a Tier-2 Data Centre. The company did well in meeting the objectives in these two areas and the IT Park has been employing over 600 Bhutanese youths since 2016.

However, going forward, in line with the DHI Roadmap 2019 – 2030, the company is taking steps to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company will focus on becoming the Centre of Excellence for IT, and will consolidate the Group's IT services and resources (including the data centers), and replace all legacy systems and applications with up-to-date applications. It will provide IT and IT enabled services (system development) to all local agencies and then function as IT Manager to the Group, government agencies, and other independent agencies.

1.1 Our Vision

- To be a vibrant Technology Park and the Centre of Excellence for Information Technology Services.

1.2 Our Mission

1. To provide world class services in IT, Cybersecurity, ERP solutions and software development.
2. To provide PKI services (Digital signature and digital identity) in Bhutan.
3. 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.
4. To promote research and development in specialized areas and latest technologies (space and satellite technology, AI, IoT, blockchain).
5. To maximize the efficient utilization of resources and increase return on investment for all stakeholders.

1.3 Core Values

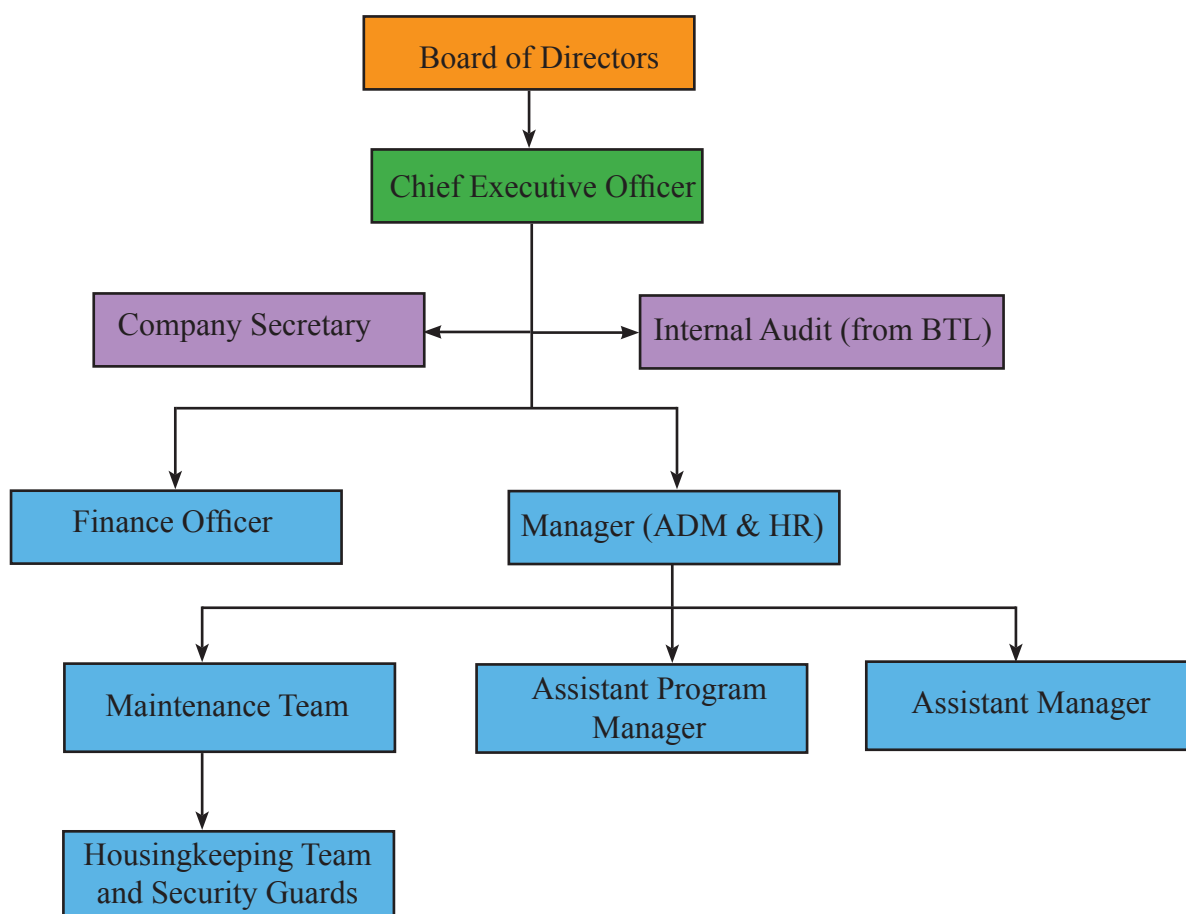
The company, in discharging its duties and providing services to its stakeholders, will uphold the following core values:

- Integrity and honesty
- Globally aware and locally sensitive
- Innovation-driven
- Socially and environmentally conscious

1.4 Organizational Chart

TTPL functions under the guidance of its shareholder and the Board of Directors.

The Chief Executive Officer is the overall in charge of the management and is directly responsible for the daily functioning of the company. He is accountable to the Board for any support/guidance and important decisions.



2. 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 General 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.

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.

Mr. Dorji Khandu, Board Director



Mr. Dorji Khandu received his MBA degree from The Hague University of Applied Sciences in the Netherlands. He started his career as a civil servant in the Department of Revenue and Customs under the Ministry of Finance (MoF). Mr. Dorji joined Druk Holding and Investments after resigning from the civil service. Currently, he is working as Sr. Business Analyst under the Department of Investment in Druk Holding And Investments Limited (DHI) 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.

3. The Management Team

The company is managed by a compact team led by the Chief Executive Officer and four others at officers level. They are supported by two maintenance technicians and 11 support staff.



Key staff members of Thimphu TechPark Ltd. with the Chief Executive Officer.

4. DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report to the Druk Holding & Investments the annual performance of Thimphu TechPark Ltd. for the period 1st January to 31st December 2018. The report contains the operational performance along with the achievements and financial results.

Operational Performance

Thimphu TechPark is managed by a compact and efficient team. In 2018, the company continued its focus on offering trainings in the field of entrepreneurship and IT besides retaining and attracting new tenants. It also started the construction of the second building and around 64% of the construction was completed at the end of the year. As part of its mandate to manage and operate Bhutan Innovation & Technology Centre on behalf of the Department of IT & Telecom, it has continued its efforts to promote innovation and entrepreneurship in the country by conducting various events and activities.

The following are some of the highlights of operational performance for the year 2018:

- 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
- The company completed 64.62% of the construction of the second IT Park building within the five-acre compound 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.
- The company has successfully conducted various entrepreneurship training programs with support from the Ministry of Labour and Human Resources and other agencies.
- The company has built and nurtured its relationship with various stakeholders for its smooth operation, especially the Ministry of Information and Communications.
- 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. 222,904,500. At the beginning of the year, DHI held 59% of the shares and BTL held the remaining 41%. However, the 923,084 shares held by BTL were transferred to DHI through the resolution of the Extraordinary General Meeting held on 23rd October 2018 thereby making DHI the sole shareholder of the company.

The company has a total borrowing of Nu. 20,364,424 from the Bank of Bhutan Ltd. and National Pension & Provident Fund as of 31st December 2018. The shareholder's equity stands at Nu. 264,120,500 on the same date.

The Company achieved Profit Before Tax of Nu. 10,952,486. The company is under Tax Holiday. Currently, it is not clear how much investment would be required in the near and medium term for business expansion and diversification in line with DHI Roadmap 2030.



Therefore, we would like to propose the AGM to deliberate and declare some dividend for the first time by the company.

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 2018, the Board has conducted seven Board Meetings. The total remuneration paid to CEO and the Manager/Company Secretary, and the Board Directors' sitting fees in the year 2017 totalled Nu. 2,639,353.36.

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. In addition, the Company has also provided Nu. 216,590 in donations and contributions towards social causes in the year 2018.

Challenges

The Company faces the challenge of attracting new IT/ITES companies to come and locate at the IT Park. Our biggest tenant Scan Café's manpower requirements are reducing due to continuous improvement in machine learning. 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. In addition, the reliability of Internet connectivity also poses some challenges. Although the company has been able to sustain its modest success despite these challenges, there is a strong need to provide renewed focus on the IT/ITES sector to create more employment opportunities for our youth and build a stronger foundation for our economy in this age of the fourth industrial revolution.

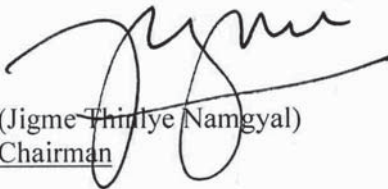


Outlook for 2019

The company's focus in 2019 will be on consolidating the ERP services of DHI owned companies in line with DHI Roadmap 2030. In addition, we will also focus on building capacity to provide cyber security services to the group. Therefore, our overall financial performance might suffer in the short term as expenses would be incurred to build our strengths for the future though we expect our revenue from tenancy and trainings to remain at similar levels. The company would also focus on monitoring the ongoing construction of the new IT Park building to ensure that the expected milestones and quality requirements are met by the contractor.

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 tenant companies, the Department of IT & Telecom, the Ministry of Information and Communications, and the Royal Government of Bhutan.



(Jigme Thrinley Namgyal)
Chairman

5. Corporate Governance Report

Thimphu TechPark Limited has complied with the requirements of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy of Druk Holding & Investments Limited (DHI) and other statutory requirements.

5.1 Directors' Appointment Date and Status

Thimphu Techpark had four board directors in 2018. The details of directors are shown in the table below:

Name	Position in Board	Organization	Date of Appointment	Status
Jigme Thinlye Namgyal	Chairman	Director General, DITT, MOIC	March 2016	Currently on the board
Tshering Cigay Dorji	CEO/ Director	TTPL CEO	November 2014	Currently on the board
Karma Tshe-wang	Director	Director, BTL	4th March 2017	Currently on the board
Dorji Khandu	Additional Director	Sr. Analyst, DHI	14th July 2017	Resigned on 4th March 2019

5.2 Board Meetings

A total of seven Board meetings were conducted in the year 2018. The quorum requirements and the gaps between the meetings were maintained in accordance with the Companies Act of Bhutan 2016 and DHI Corporate Governance Code. Dates of the Board Meetings along with attendance are shown in the table below:

Meeting No.	Date	Board Members Present
41st Board Meeting	3rd January 2018	Jigme Thinley Namgyal, - Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director
42nd Board Meeting	9th February 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director
43rd Board Meeting	4th April 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director
44th Board Meeting	15th June 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director
45th Board Meeting	24th July 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director Deki Yangdon, Officiating CS
46th Board Meeting	23rd October 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director
47th Board Meeting	24th December 2018	Jigme Thinlye Namgyal, Chairman Dorji Khandu, Director Karma Tshewang, Director Tshering Cigay Dorji, Director

5.3 Board Committee Meetings

Board Audit Committee Meeting 2018

Meeting	Meeting No.	Date	Members Present
Board Audit committee	5th BAC	5th February 2018	Karma Tshewang, Chairman Dorji Khandu, Board Director Choden, Member Secretary Tshering Cigay Dorji, Invitee
Board Audit committee	6th BAC	16th November 2018	Karma Tshewang, Chairman Dorji Khandu, Board Director Deki yangdon, Officiating Member Secretary Karma Tshewang, Invitee

5.4 Board Remuneration

TTPL has spent Nu. 196,000.00 as board sitting fees.

Remuneration of Chief Executive Officer

The Chief Executive Officer Remuneration for the year 2018 are as below:

Expenses Head	Amount(in Nu)
Salary and Allowance	Nu. 1,182,502.80
Other benefits	Nu. 413,751.00
Provident Fund Contribution	Nu. 91,025.22
Sitting fees	Nu. 68,000
Total	Nu. 1,755,279.02

5.5 Annual General Meeting

The 9th Annual General Meeting of the Company was held on 4th March 2019 at DHI Conference Hall from 10:00 am to 12:00 pm. The meeting was attended by the representatives of the Shareholder, Board Directors and the key members of the management team. The AGM approved the resignation of Mr Dorji Khandu as a Board Director, and appointed Mr. Karpo Tshering as the new Board Director of the Company. Mr. Karma Tshewang resigned and got reappointed as a Board Director by the AGM.

5.6 Risk Management System

TTPL maintains an up-to-date risk register in line with DHI guidelines. It is reviewed by the Board on a regular basis to ensure that the mitigation measures are being taken to address the any major risks to the company.

5.7 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 center. 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. 140,000 in donations and contributions towards social causes in the year 2018.

5.8 Policies and Practices of CEO and Board Evaluation

The company follows the Ownership Policy and Corporate Governance Code of DHI for CEO and Board Evaluation while it follows the CEO Selection Guidelines of DHI for CEO selection and appointment.

G. S. Hora & Associates

Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

INDEPENDENT AUDITORS' REPORT

To
The Shareholders of Thimphu TechPark Limited
Thimphu
Bhutan

Report on the Audit of Financial Statement of Thimphu TechPark Limited

Opinion

We have audited the financial statements of Thimphu TechPark Limited (the Company) which comprise the Statement of Financial Position as at December 31, 2018, 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 statement, including a summary of Significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the company as at December 31, 2018, 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 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 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.

Responsibilities of Management and those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS 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 relating 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.



G. S. Hora & Associates

Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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.



G. S. Hora & Associates
Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

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.

Report on Other Legal and Regulatory Requirement

As required by the section 266 of the Companies Act of Bhutan, 2016 (**Minimum Audit Examination and Reporting Requirements**) we enclose in Annexure 1 a statement on the matters specified therein to the extent applicable.

As required by section 265 of the Act, we report that:

- a. We have obtained all the information and explanation 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 Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.
- d. In our opinion, the Company has complied with other legal and regulatory requirements to the extent applicable.

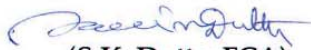
The engagement partner on the audit resulting in this independent auditor's report is CA S.K. Dutta.

**FOR AND ON BEHALF OF,
G.S. HORA & ASSOCIATES**

CHARTERED ACCOUNTANTS
FRN: 316030E

Place: Thimphu
Date: 08/02/2019




(S.K. Dutta: FCA)
Partner
(M. No: 054632)

THIMPHU TECHPARK LIMITED
THIMPHU ♦ BHUTAN
2018

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT

ANNEXURE 1

General

- a) According to the information and explanations given to us by the management, Corporate Governance guidelines and regulations as issued by Druk Holding & Investments Ltd (DHI) is adhered by the company.
- b) According to the information and explanations given to us by the management, the governing body pursues a prudent and sound financial management practice in managing the affairs of the company.
- c) In our opinion, financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- d) In our opinion, proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- e) In our opinion, adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) According to the information and explanations given to us by the management, the Company has a strong social mandate of creating employment opportunities for the youth of the country besides its commercial mandate.
- g) According to the information and explanations given to us by the management, the company is under Tax Holiday and therefore this clause is not applicable to the company.

In the case of Service Industry

1. The Fixed Assets Register is being maintained and is in the process of updation by the Company. As explained to us, the fixed assets have been physically verified during the year but no working sheets/supporting papers regarding such verification were produced before us.
2. Fixed Assets held as Investment Properties have been revalued during the year under audit. Actuarial Valuation has been done by the company for valuation of the



G. S. Hora & Associates

Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

Investment Properties. Revaluation gain arising from such revaluation has been shown in other comprehensive income of the income statement.

3. The Company has availed loan from Bank of Bhutan Ltd. and National Pension and Provident Fund, Bhutan. 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.
4. In our opinion and as per information and explanations given to us and on the basis of examination of the books of accounts, the company has not granted any loan which is ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.
5. No loans and advances other than advances against salary in the regular course of business had been given by the Company. The advances granted to Officers/ Staffs are in keeping view with the policy of the Company and no excessive and frequent advances are given.
6. In our opinion and according to the information and explanations given to us, the Company has established an adequate system of internal control to 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.
7. In our opinion and as per information and explanations given to us, there is a reasonable system of obtaining competitive biddings/quotations/agreed rate contracts from the parties in respect of purchase of fixed assets and services that commensurate with the size of the Company and nature of its business. The company is not engaged in manufacturing or trading activities or sale of services, hence the question of purchasing or selling goods or services relating to such activities does not arise.
8. (a) As per information given to us by the management, 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'.
- (b) Based on the information and explanations given to us during the course of audit and based on our examination of books and records, in our opinion the transactions entered into by the Company wherein the directors are directly or indirectly interested are not prejudicial to the interest of the other shareholders and the Company.
9. According to the information and explanations given to us and as per our verification of records, no personal expenses have been debited to the Statement of Comprehensive Income expecting those payable under contractual obligations /in accordance with generally accepted practice.



G. S. Hora & Associates

Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

10. The Company has been regular in depositing TDS, PF and other applicable statutory dues with the appropriate authorities. As informed to us, the company is under a Tax Holiday and therefore the Company has not made any provision for corporate tax.
11. Based upon the information and explanations given to us and as per our verification, there was no undisputed amount which is payable in respect of rates, taxes, duties, provident funds and other statutory deductions at the last day of the Financial Year.
12. In our opinion, the system of follow up with debtors and other parties for recovery of outstanding dues is reasonable. However, age-wise analysis of outstanding amounts is carried out by the Company for management information and follow-up action.
13. In our opinion the management of cash and bank balance is generally adequate. Loan amounts are withdrawn by the company after assessing the requirement of fund from time to time.
14. 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.
15. 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.
16. In our opinion, the Company has established an effective budgetary control system.
17. The details of remuneration, sitting fee paid to CEO & Board of Directors respectively are disclosed under Note No 2.2 of the Notes to the Financial Statements.
18. According to the information and explanation given to us, the directives of the Board have been generally complied with.
19. Based upon the information and explanations provided to us, the Company has maintained proper records related to inter unit transactions/ services and arrangements for services made with other agencies engaged in similar activities.

The clauses 3,4,5,6,7,8,9,10,11,20,21,22,23,26,27,28,29,30,36,39,41 relating to the Minimum Audit Examination and Reporting Requirements are not applicable to the company. In addition to the above, all the clauses for Trading, Manufacturing and Other Service Sector Companies are not applicable to the company.

Computerized Accounting Environment



G. S. Hora & Associates

Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
Ph. : 2431693, 2431076 (O)
Fax : (0353) 2534155
E-MAIL : cagsha@gmail.com

20. With respect to the information and explanations provided to us by the management, we are informed that the number of computer installations employed by the company to manage its affairs is minimal and that the controls with respect to them are generally adequate.
21. As per information provided to us, back up facilities are maintained through Hard-drives or through Flash drives.
22. As regards back up facilities and disaster recovery measures, the backup files are not maintained in different locations.
23. The operational controls are found reasonable to ensure the correctness and validity of input data and output information.
24. As explained to us, the measures taken by the Company to prevent unauthorized access over the computer installation and files are generally reasonable.
25. As explained to us, there has been no data migration during the year.

General

1) Going Concern Problem

Based on the Company's financial statements for the year ended 31st December, 2018 audited by us, the Company has earned sufficient profit during the year under audit and we have reason to believe that the Company is healthy and therefore a going concern.

2) Ratio Analysis

Based on the Company's financial statements, we have computed the relevant ratios which is reflected under the Financial & Operational Resume forming part of the Annual Report.

3) 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.

4) Adherence of Laws Rules & Regulations:

The 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 statement 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 its Articles of Incorporation



G. S. Hora & Associates
Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

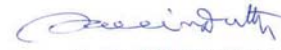
relevant to the financial statements and we are unable to state whether the Company has been complying with applicable laws (other than the Companies Act), rules and regulation, system, procedures and practices.

Place: Thimphu
Date: 08/02/2019



FOR AND ON BEHALF OF

G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 316030E


(S. K. DUTTA: FCA)
PARTNER
M. NO. 054632

(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF FINANCIAL POSITION

Particulars	Note	As at 31-Dec-2018	As at 31-Dec-2017
ASSETS			
NON-CURRENT ASSETS			
Investment Property	1.1	303,062,287	293,048,409
Property, Plants & Equipment	1.2	10,887,932	11,193,533
Capital Work-in-Progress	1.3	46,764,942	1,121,581
Intangible Assets	1.4	18,625	30,827
Total Non-Current Assets		360,733,787	305,394,351
CURRENT ASSETS			
Financial Assets			
Trade & Other Receivables	1.5	2,730,172	3,142,171
Cash and Cash Equivalents	1.6	7,251,619	60,536,354
Other Current Assets	1.7	14,604,665	673,149
Total Current Assets		24,586,457	64,351,675
TOTAL ASSETS		385,320,243	369,746,025
EQUITY AND LIABILITIES			
Equity	1.8		
Share Capital		222,904,500	222,904,500
Retained Earnings		7,753,510	(3,198,976)
Fair Value Changes in Investment Property		33,462,490	23,733,012
TOTAL EQUITY		264,120,500	243,438,536
LIABILITIES			
NON-CURRENT LIABILITIES			
Other Non-Current Financial Liabilities	1.9	15,151,086	18,695,790
Other Non-Current Liabilities	1.10	98,297,074	99,106,659
Total Non-Current Liabilities		113,448,160	117,802,449
CURRENT LIABILITIES			
Trade & Other Payables	1.11	1,031,033	2,164,187
Other Current Financial Liabilities	1.12	5,213,338	4,859,908
Other Current Liabilities	1.13	1,507,213	1,480,945
Total Current Liabilities		7,751,584	8,505,040
TOTAL EQUITY & LIABILITIES		385,320,243	369,746,025

* The Accompanying notes form an integral part of the standalone financial statements

In terms of our separate report attached herewith.

FOR AND ON BEHALF OF
G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 316030E

(S. K. Dutta:FCA)
Partner
Membership No. 054632

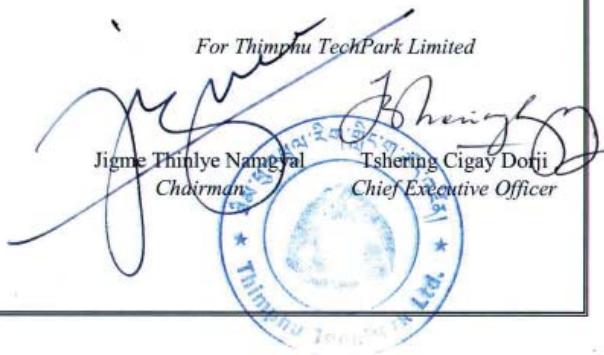


Place: Thimphu
Date: 08/02/2019

For Thimphu TechPark Limited

Jigme Thinlye Namgyal
Chairman

Tshering Cigay Dorji
Chief Executive Officer



(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF COMPREHENSIVE INCOME & OTHER COMPREHENSIVE INCOME

Particulars	Note	Year Ended 31-Dec-18	Year Ended 31-Dec-17
COMPREHENSIVE INCOME			
Revenue from Operations	1.14	34,951,731	42,291,726
Finance Income	1.15	766,413	853,190
Other Income	1.16	858,816	5,578,845
Total Income		36,576,959	48,723,761
EXPENSES			
Employee Benefits	1.17	6,714,256	6,008,036
General Administration Expenses	1.18	15,698,828	21,962,620
Depreciation	1.2	1,570,973	1,462,054
Amortization	1.4	12,202	10,617
Finance Cost	1.19	1,628,214	2,039,775
Total Expenses		25,624,473	31,483,101
PROFIT BEFORE TAX		10,952,486	17,240,659
OTHER COMPREHENSIVE INCOME			
Fair Value Changes on Investment Property, Net	1.20	9,729,478	9,296,116
PROFIT/(LOSS) FOR THE YEAR		20,681,964	26,536,776
Earning Per Equity Share	1.21		
Basic and Diluted Earnings per Share		9.28	13.87

* The Accompanying notes form an integral part of the standalone financial statements

In terms of our separate report attached herewith

FOR AND ON BEHALF OF

G.S. HORA & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FRN: 316030E

(S. K. Dutta:FCA)
 Partner
 Membership No. 054632

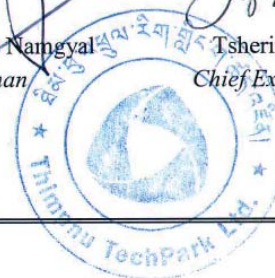
Place: Thimphu
 Date: 08/02/2019



For Thimphu TechPark Limited

Jigme Thinlye Namgyal
 Chairman

Tshering Cigay Dorji
 Chief Executive Officer



(All figures in Bhutanese Ngultrums unless otherwise stated)

Statement of Changes in Equity
Note 1.8 Equity

Particulars	Equity Share Capital	Accumulated Other Comprehensive Income		Total Equity attributable to equity holders of the company
		Retained Earnings	Fair Value Changes in Investment Property	
Balance as of January 1, 2018	222,904,500	(3,198,976)	23,733,012	243,438,536
Changes in equity for the year ended December 31, 2018				-
Increase in Share Capital on account of issue of shares	-	-	-	-
Profit for the period	-	10,952,486	9,729,478	20,681,964
Balance as of December 31, 2018	222,904,500	7,753,510	33,462,490	264,120,500

Particulars	Equity Share Capital	Accumulated Other Comprehensive Income		Total Equity attributable to equity holders of the company
		Retained Earnings	Fair Value Changes in Investment Property	
Balance as of January 1, 2017	188,384,500	(70,439,615)	14,436,895	182,381,760
Changes in equity for the year ended December 31, 2017				-
Increase in Share Capital on account of issue of shares	34,520,000	-	-	34,520,000
Profit for the period	-	17,240,659	9,296,116	26,536,776
Balance as of December 31, 2017	222,904,500	(3,198,976)	23,733,012	243,438,536

Details of Shareholders	As at 31 December, 2018	As at 31 December, 2017
Name of the Shareholder	% of Holding	% of Holding
Druk Holding & Investments Limited	100%	59%
Bhutan Telecom Limited	0%	41%
Total	100%	100%

Reconciliation of Number of Shares

Particulars	As at 31 December, 2018		As at 31 December, 2017	
	No of Shares	Amount	No of Shares	Amount
Druk Holding & Investments Limited	2,229,045	222,904,500	1,305,961	130,596,100
Bhutan Telecom Limited	-	-	923,084	92,308,400
Total	2,229,045	222,904,500	2,229,045	222,904,500

In terms of our separate report attached herewith
 FOR AND ON BEHALF OF G.S. HORA & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN: 316030E

(S. K. Dutta:FCA)

Partner

Membership No. 054632

Place: Thimphu

Date: 08/02/2019



Tigme Thinde Namgyal
 Chairman

for Thimphu TechPark Limited



Tshering Cigas 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 2018

Particulars	For the year ended 31st December, 2018		For the year ended 31st December, 2017	
A. Cash flow from operating activities	(All figures are in Nu.)			
Net Profit / (Loss) before tax		10,952,485.97		17,240,659.26
<u>Adjustments for:</u>				
Depreciation and amortization	1,583,175.00		1,472,670.31	
Interest income	(766,412.89)		(853,190.20)	
Finance Cost	1,628,214.13	2,444,976.24	2,039,775.03	2,659,255.14
Operating profit / (loss) before working capital changes		13,397,462.21		19,899,914.40
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	411,999.00		475,302.54	
Other current assets	(13,931,516.14)		(18,376.44)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Other current liabilities	26,268.53		800,052.80	
Other Non-Current Liabilities	(809,585.00)		(4,542,917.43)	
Trade payables	(1,133,154.77)	(15,435,988.38)	(1,546,964.37)	(4,832,902.90)
Cash generated from operations		(2,038,526.17)		15,067,011.50
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		(2,038,526.17)		15,067,011.50
B. Cash flow from investing activities				
Capital expenditure on Property Plant and Equipment	(1,265,371.75)		(1,463,618.30)	
Capital expenditure on Investment Property	(284,400.00)		(595,053.50)	
Capital expenditure on Capital Work-in-Progress	(45,643,360.79)			
Interest received			853,190.20	
- Others	766,412.89			(1,205,481.60)
Net cash flow from / (used in) investing activities (B)		(46,426,719.65)		13,861,529.90
C. Cash flow from financing activities				
Repayment of long-term borrowings	(3,191,275.09)		(3,779,383.89)	
Increase in Share Capital	-		34,520,000.00	
Finance cost	(1,628,214.13)		(2,039,775.03)	
Net cash flow from / (used in) financing activities (C)		(4,819,489.22)		28,700,841.08
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(53,284,735.04)		42,562,370.98
Cash and cash equivalents at the beginning of the year		60,536,354.42		17,973,983.44
Cash and cash equivalents at the end of the year		7,251,619.38		60,536,354.42
Cash and cash equivalents at the end of the year (Refer Note 1.6)				
* Comprises:				
(a) Cash on hand		17,708.35		14,494.25
(b) Balances with banks				
(i) In current accounts		7,233,911.03		44,734,429.53
(ii) Deposit accounts		-		15,787,430.64
		7,251,619.38		60,536,354.42

In terms of our separate report attached herewith
FOR AND ON BEHALF OF G.S. HORA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 316030E

(S. K. Dutta:FCA)
Partner
Membership No. 054632
Place: Thimphu
Date: 08/02/2019


Jigme Thinlye Namgyal
Chairman

Tshering Cigay Dorji
Chief Executive Officer

(All figures in Bhutanese Ngultrums unless otherwise stated)

A. NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS**Note 1.1 Investment Property**

Particulars	As at December 31, 2018	As at December 31, 2017
Building	299,646,543	289,639,713
Day Care Centre	3,415,745	3,408,695
Total	303,062,287	293,048,409

Note 1.3 Capital Work-in-Progress

Particulars	As at December 31, 2018	As at December 31, 2017
Construction of New Building	46,764,942	1,121,581
Total	46,764,942	1,121,581

TTPL is in the process of constructing its additional office building at Wangchutaba, Babesa, Thimphu. The contract was offered to Construction Development Corporation Limited (CDCL) with contract amount of Nu.77 Million. The updated total cost estimate submitted by CDCL and endorsed by the 44th Board Meeting of the company is Nu. 72,369,145.45. As per the construction progress report submitted by CDCL, they have completed 64.62% of the work as of 31 December 2018. Therefore, of the total amount of Nu. 61,121,581 released to CDCL till date, Nu. 46,764,941.79 which is 64.62% of the updated total cost estimate is reflected as Capital Work in Progress. The remaining amount of Nu. 14,356,639 is reflected as an Advance to CDCL as in Note 1.7.

Note 1.5 Trade Receivables

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unsecured, Considered Good	2,730,172	3,142,171
Total	2,730,172	3,142,171

Note 1.6 Cash & Cash Equivalents

Particulars	As at December 31, 2018	As at December 31, 2017
Balances with Banks		
<i>In Current Accounts</i>		
Bank of Bhutan Ltd (A/c No 100925841)	7,060,979	44,266,677
Bhutan National Bank (A/c No 0100032525001)	83,802	83,802
Druk PNB Bank Ltd (A/c No 110210004440)	89,130	383,951
<i>In Deposit Accounts</i>		
Bhutan Development Bank Ltd	-	15,787,431
Druk PNB Bank Ltd. (110CS0001346)	-	-
Cash in Hand	17,708	14,494
Total	7,251,619	60,536,354



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.7 Other Current Assets

Particulars	As at December 31, 2018	As at December 31, 2017
Advance to M/s. CDCL	14,365,639	0.00
Prepaid Expenses	182,368	176,730
Salary Advance	59,500	41,500
Interest Accrued on Fixed Deposits	6,158	454,919
Total	14,604,665	673,149

Note 1.9 Other Non-Current Financial Liabilities

Particulars	As at December 31, 2018	As at December 31, 2017
Long Term Borrowings:		
a. Bank of Bhutan Limited	14,148,898	18,695,790
b. National Pension & Provident Fund	1,002,188	
Total	15,151,086	18,695,790

Note 1.10 Other Non-Current Liabilities

Particulars	As at December 31, 2018	As at December 31, 2017
Lease Security Deposit	94,755,561	95,911,116
Security Deposit	2,581,088	2,889,888
Gratuity*	960,425	305,655
Total	98,297,074	99,106,659

* Employee Benefit Payable has been computed by the Actuary appointed by the Company and the basis adopted as follows;

A. Leave benefit Scheme

As per the revision in the Service Rule of the company during 2015 effective from 1 January 2015 annual leave exceeding the minimum allowable days not availed at the end of a calendar year shall be carried forward and credited to the annual leave account. Employees shall be allowed to accrue upto a maximum thirty-six (36) days of annual leave which can be encashed during separation at the rate of proportionate Total Fixed Monthly Remuneration (TFMR at the time of separation) per day times the total leave accumulated.

The accumulated leave liability is subject to risks in respect of investment, interest rates, employee attrition and Salary rate.

Investment risk: The discount rate for this valuation is based on the weighted average yield obtained by the assets of the scheme due to absence of high quality corporate and government issued bond.

Interest risk: Interest rates available will change over time. The reduction in interest rate will increase the actuarial value of the leave encashment liability.

Employee attrition: The leave encashment liability is based on Management's estimate of the expected number of staffs who will resign before reaching the standard retirement age. If the number of staff resigning is greater or less than the expected rate, the outstanding leave encashment liability will be affected.



(All figures in Bhutanese Ngultrums unless otherwise stated)

Salary risk: Since the benefit is dependent on the employee's final salary, there is a risk that salary increases will be greater than those included in the actuarial valuation. Salary increases cover regular increases for length of service as well as periodic increases of salary scales for inflation.

The valuation of the actuarial obligation of the leave encashment liability has been carried out by Willies Towers Watstone.

1. Summary of Results

The table below shows a summary of the key results for the year ended 31 December 2018. The amounts are expressed In Bhutan currency Bhutan Nu. (BTN).

Assets/ Liabilities	31-Dec-17 Nu.	31-Dec-18 Nu.
1. Defined Benefit Obligation (DBO) **	570,039.00	446,697.00
2. Fair Value of Plan Assets (FVO)	0.00	0.00
3. Funded Status	(570,039.00)	(446,697.00)

**The DBO as at 31 December 2017 is as provisioned and subsequently informed by the Company.

Break-up of Liability	
Current liability (Payable within 12 months)	(71,197.00)
Non-Current Liability	(375,500.00)
Total Liability	(446,697.00)

2. Summary of Membership Data

Below is a summary of the active members of the scheme:

	31-Dec-17	31-Dec-18
Number of employees	17	17
Total monthly salary (Nu.)	239,826.00	265,178.00
Total annual Salary (Nu.)	2,877,912.00	3,182,136.00
Average annual Salary (Nu.)	169,289.00	187,184.00
Average attained age (years)	35.00	33.24
Total Leave Balance (days)	Not Available	502.79

The membership summary at the beginning of the period as at 31 December 2017 is taken to be as provided by the company.

3. Assumptions

- The valuation summarized in this report involves actuarial calculations that require assumptions about future events. Thimphu TechPark Limited is responsible for the selection of the assumptions. We believe that the assumptions used in this report are reasonable for the purposes for which they have been used.
- Although Govt. bonds of appropriate duration and quality should be considered in order to determine a suitable discount rate for BAS19 purposes, due to lack of deep bond market in Bhutan the discount rate of 8.5% per annum has been chosen with reference to return earned on recent long-term commercial bank deposit rate. This is taken as proxy to a yield on Government bonds. This should be monitored closely.



(All figures in Bhutanese Ngultrums unless otherwise stated)

- c. The actuarial assumptions (demographic and financial) employed for the calculations as at December 2017 and 31 December 2018 are as follows.

Financial Assumptions	31-Dec-17	31-Dec-18
Discount Rate	7.50%	8.50%
Salary Escalation Rate	10.00%	10.00%
Demographic Assumptions	31-Dec-17	31-Dec-18
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal Rate	5.00%	5.00%

The assumptions as at 31 December 2017 are taken to be as provided by the company.

4. Notes

- The effects of Morbidity and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above Mortality table.
- The assumptions for salary escalation rate, withdrawal rate and expected return on assets have been discussed with the Company.
- We understand that the assumption of future salary increases (which has been set in consultation with the Company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- We understand that the assumption of attrition (which has been set in consultation with the Company), represents the companies expected experience of employee turnover.
- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:
 - Plan experience differing from that anticipated by the economic or demographic assumptions
 - Changes in economic or demographic assumptions
 - Changes in plan provisions or applicable law
 - Significant events since last actuarial valuation
- Leave availed is taken into account while calculating service cost, according to the trend provided by the company. Of the total leave entitlement during the year we have assumed 50% of days of leave to accumulate for encashment at decrement age. The remaining leave days are assumed to be availed during the year.

5. Principal Plan Provisions

We give below our understanding of a summary of principal rules of the Plan

Salary Definition	Last drawn Monthly Basic Salary
Normal Retirement Age	58 years for CEO; Others - 56 years
Annual Entitlement	30 days
Maximum Accumulation Limit	40 days
Leave formula	(Leave Balance at exit * Salary at exit) / 26
Form of Payment	Lump sum

Employees can encash leave balances above 40 days upto a maximum of 30 days at the end of the Financial year.



(All figures in Bhutanese Ngultrums unless otherwise stated)

B. Gratuity

Qualifying employees are members of a defined contribution plan operated by the National Pension and Provident Fund. The Company matches employee contributions to the fund. The only obligation on the company is to make the contribution monthly. Qualifying employees are members of a defined benefit plan sponsored by the Company. A separate fund is maintained to cover the future liability for payments.

The obligation for the plan is subject to risks in respect of investment, interest rates, employee attrition and Salary rates.

Investment risk: The discount rate for this valuation is based on the weighted average yield obtained by the assets of the scheme due to absence of high quality corporate and government issued bond. All funds are held in this time of investment as approved by the Royal Monetary Authority of Bhutan (RMA).

Interest risk: Interest rates available will change over time. The reduction in interest rate will increase the actuarial value of the obligation.

Employee attrition: The obligation is based on management's estimate of the expected number of staffs who will resign before reaching standard retirement age. If the number of staff resigning is greater or less than the expected rate, the outstanding obligation will be affected.

Salary risk: Since the benefit is dependent on the employee's final salary, there is a risk that salary increases will be greater than those included in the actuarial valuation. Salary increases cover regular increases for length of service as well as periodic increases of salary scales for inflation.

The valuation of the actuarial obligation of the defined benefit plan has been carried out by Willies Towers Watstone.

1. Summary of Results

- a. The table below shows a summary of the key results for the year ended 31 December 2018. The amounts are expressed in Bhutan currency Bhutan Nu (BTN).

Assets / Liabilities	31-Dec-17 Nu.	31-Dec-18 Nu.
1. Define Benefit Obligation (DBO)**	305,655	1,277,335
2. Fair Value of Plan Assets (FVA)	186,153	316,910
3. Funded Status	(119,502)	(960,425)

Defined Benefit Cost	Year ended 31 December 2018 Nu.
1. Service Cost	58,710
2. Define Benefit Cost recognized in P&L	63,191
3. Remeasurements recognized in other Comprehensive Income (OIC) Loss/(Gains)	897,234

**The DBO as at 31 December 2017 is as certified by the Previous Actuary.



(All figures in Bhutanese Ngultrums unless otherwise stated)

- b. Service cost represents the Current Service Cost, which is the cost, associated with the current period benefit accruals and the Past Service Cost, which is the change in the DBO resulting from changes in the benefit plan provisions for employee service in prior periods. Total Employer expense is the expense under BAS 19; inclusive of Service Cost and Net Interest.
- c. Table 1 shows the Disclosure of Defined Benefit Cost for the year ending 31 December 2018
- d. Table 2 shows the Net Balance Sheet position as at 31 December 2018
- e. Table 3 Shows the Changes in Benefit Obligations and Assets over the year ending 31 December 2018
- f. Table 4 shows the Additional Disclosure Information
- g. Table 5 shows the Sensitivity Analysis
- h. Table 6 shows the Estimated Defined Benefit Cost for the year ending 31 December 2019

TABLE 1**Disclosure of Defined Benefit Cost for the year ending 31 December 2018**

A Profit & Loss (P&L)	
1 Current service cost	58,710.00
2 Past service cost - plan amendments	0.00
3 Curtailment cost / (credit)	0.00
4 Settlement cost / (credit)	0.00
5 Service cost	58,710.00
6 Net interest on net defined benefit liability / (asset)	4,481.00
7 Immediate recognition of (gains)/losses - other long term employee benefit plans	0.00
8 Cost recognized in P&L	63,191.00
B Other Comprehensive income (OCI)	
1 Actuarial (gain)/loss due to liability experience	10,53,985.00
2 Actuarial (gain)/loss due to liability assumption changes	(162,505.00)
3 Actuarial (gain)/loss arising during period	891,480.00
4 Return on plan assets (greater)/less than discount rate	5,754.00
5 Actuarial (gains)/losses recognized in OCI	897,234.00
6 Adjustment for limit on net asset	0.00
C Defined Benefit Cost	
1 Service cost	58,710.00
2 Net interest on net defined benefit liability / (asset)	4,481.00
3 Actuarial (gains)/ losses recognized in OCI	897,234.00
4 Immediate recognition of (gains)/losses - other long term employee benefit plans	0.00
5 Defined Benefit Cost	960,425.00
D Assumptions used to determine Defined benefit Cost	
1 Discount Rate	7.50%
2 Rate of Salary increase	10.00%



(All figures in Bhutanese Ngultrums unless otherwise stated)

TABLE 2**Net Balance Sheet position as at 31 December 2018**

A Development of Net Balance Sheet Position		
1	Defined benefit obligation (DBO)	(1,277,335.00)
2	Fair value of plan assets (FVA)	316,910.00
3	Funded status [surplus/(deficit)]	(960,425.00)
4	Effect of Asset ceiling	0.00
5	Net defined benefit asset/ (liability)	(960,425.00)
B Reconciliation of Net Balance Sheet Position		
1	Net defined benefit asset/ (liability) at end of prior period	
2	Service cost	(119,502.00)
3	Net Interest on net defined benefit liability/ (asset)	(58,710.00)
4	Amount recognized in OCI	(4,481.00)
5	Employer contributions	(897,234.00)
6	Benefit paid directly by the Company	119,502.00
7	Acquisitions credit/ (cost)	0.00
8	Divestitures	0.00
9	Cost of termination benefits	0.00
10	Net defined benefit asset/ (liability) at end of current period	0.00
		(960,425.00)

TABLE 3**Changes in Benefit Obligations and Assets over the year ending 31 December 2018**

A Change in Defined Benefit Obligation (DBO)		
1	DBO at end of prior period	
2	Current service cost	305,655.00
3	interest cost on the DBO	58,710.00
4	Curtailment (credit)/ cost	21,490.00
5	Settlement (credit)/ cost	0.00
6	Past service cost - plan amendments	0.00
7	Acquisitions (credit)/ cost	0.00
8	Actuarial (gain)/loss – experience	0.00
9	Actuarial (gain)/loss - demographic assumptions	1,053,985.00
10	Actuarial (gain)/loss - financial assumptions	0.00
11	Benefits paid directly by the Company	(162,505.00)
12	Benefits paid from plan assets	0.00
13	DBO at end of current period	0.00
		1,277,335.00
B Change in Fair Value of Assets		
1	Fair value of assets at end of prior period	186,153.00
2	Acquisition adjustment	0.00
3	Interest income on plan assets	17,009.00
4	Employer contributions	119,502.00
5	Return on plan assets greater/(lesser) than discount rate	(5,754.20)
6	Benefits paid	0.00
7	Fair value of assets at end of current period	316,909.80



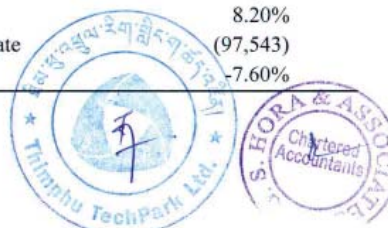
(All figures in Bhutanese Ngultrums unless otherwise stated)

TABLE 4**Additional Disclosure Information**

A Expected benefit payments for the year ending	
1 December 31, 2019	51,912
2 December 31, 2020	62,595
3 December 31, 2021	92,323
4 December 31, 2022	120,566
5 December 31, 2023	194,514
6 December 31, 2024 to December 31, 2028	1,023,724
B Expected employer contributions for the period ending 31 December 2019	
	248,000
C Weighted average duration of defined benefit obligation	
	13 years
D Accrued Benefit Obligation at 31 December 2018	
	514,901
E Plan Asset Information	
	Percentage
Asset Allocation	
Government of Bhutan Securities (Central and State)	0.00%
High quality corporate bonds (including Public Sector Bonds)	0.00%
Equity Shares of listed companies	0.00%
Property	0.00%
Cash (including Special Deposits)	0.00%
Other (including assets under Schemes of Insurance)	100.00%
Total	Not Applicable
F Current and Non-Current Liability Breakup as at 31 December 2018	
	Nu.
1 Current Liability	0.00
2 Non Current Asset/ (Liability)	(960,425)
3 Net Asset/(Liability) as at 31 December 2018	(960,425)

Table 5
Sensitivity Analysis

A DBO on base assumptions as at 31 December 2018.	1,277,335
These assumptions are summarized in Appendix B of the report.	
B Discount Rate	
Discount Rate as at 31 December 2018	8.50%
1 Effect on DBO due to 1% increase in discount Rate	(136,742)
Percentage Impact	-10.70%
2 Effect on DBO due to 1% decrease in Discount Rate	162,505
Percentage Impact	12.70%
C Salary escalation rate	
Salary Escalation Rate as at 31 December 2018	10.00%
1 Effect on DBO due to 1% increase in salary escalation rate	105,064
Percentage Impact	8.20%
2 Effect on DBO due to 1% decrease in salary escalation rate	(97,543)
Percentage Impact	-7.60%



(All figures in Bhutanese Ngultrums unless otherwise stated)

TABLE 6
Estimate Defined Benefit Cost for the year ending 31 December 2019

A Profit & Loss (P&L)	
1 Current service cost	247,633
2 Past service cost -plan amendments	0.00
3 Curtailment (credit)/ cost	0.00
4 Settlement (credit)/ cost	0.00
5 Service Cost	247,633
6 Net interest on net defined benefit liability/(asset)	71,096
7 Immediate recognition of (gains)/losses-other long term employee benefit plans**	0.00
8 Cost recognized in P&L*	318,729
B Assumptions used to determine Estimated Defined benefits Cost	
1 Discount Rate	8.50%
2 Rate of salary increase	10.00%

2. Summary of Membership Data

Below is a summary of the active members of the scheme:

	31-Dec-17	31-Dec-18
Number of employees	17	17
Total monthly salary (Nu)	239,826	265,178
Total annual Salary (Nu)	2,877,912	3,182,136
Average annual Salary (Nu)	169,289	187,184
Average attained age (years)	35.00	33.24
Average past service (years)	2.00	3.35

The membership summary as at 31 December 2017 is taken to be as certified by the previous Actuary.

3. Assumptions

- The valuation summarized in this report involves actuarial calculations that require assumptions about future events. Thimphu TechPark Limited is responsible for the selection of the assumptions. We believe that the assumptions used in this report are reasonable for the purposes for which they have been used.
- Although Govt. bonds of appropriate duration and quality should be considered in order to determine a suitable discount rate for BAS10 purposes, due to lack of deep bond market in Bhutan the discount rate of 8.5% per annum has been chosen with reference to return earned on recent long term commercial bank deposit rate. This is taken as proxy to a yield on Government bonds. This should be monitored closely.



(All figures in Bhutanese Ngultrums unless otherwise stated)

- c. The actuarial assumptions (demographic & financial) employed for the calculation as at 31 December 2017 and 31 December 2018 are as follows.

Financial Assumptions	31-Dec-17	31-Dec-18
Discount Rate	7.50%	8.50%
Salary Escalation Rate	10.00%	10.00%

Demographic Assumptions	31-Dec-17	31-Dec-18
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal Rate	5.00%	5.00%

The assumptions as at 31 December 2017 are as certified by the Previous Actuary.

4. Notes:

- The effects of Morbidity and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above Mortality table.
- The assumptions for salary escalation rate, withdrawal rate, and expected return on assets have been discussed with the company.
- We understand that the assumption of future salary increases (which has been set in consultation with the company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

5. Principal Plan Provisions

We give below our understanding of a summary of principal rules of the Plan

Plan Service Definition	Completed years of Continuous Service, service more than 6 months and above counted as completed year
Salary definition	Last drawn Monthly Basic Salary
Vesting Schedule	5 years; Not applicable in case of service
Normal Retirement Age	58 years for CEO; Others - 56 years
Benefit Calculation Formula	Salary * Service
Maximum Limit	Nu. 15,00,000
Benefit Payable Upon	Retirement, Withdrawal, Death and Disability
Form of Payment	Lump sum
Discretionary Benefits	No allowance

We are not aware of any discretionary practices and benefits which may have been provided in the past and/or have become an obligation for the company.



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.11 Trade & Other Payables

Particulars	As at December 31, 2018	As at December 31, 2017
Current		
Unsecured, Considered Good	1,031,033	2,164,187
Total	1,031,033	2,164,187

Note 1.12 Other Current Financial Liabilities

Particulars	As at December 31, 2018	As at December 31, 2017
Lease Security Deposit (Current)	1,155,555	1,155,555
Current Maturities of Long-Term Debt	4,057,783	3,704,353
Total	5,213,338	4,859,908

Note 1.13 Other Current Liabilities

Particulars	As at December 31, 2018	As at December 31, 2017
Provisions for:		
Employee Benefit	1,505,213	1,480,945
Tax Deducted at Source	-	-
Total	1,505,213	1,480,945

Note 1.14 Revenue from Operations

Particulars	For the month ended of 31December, 2018	For the month ended of 31December, 2017
Commercial Space	17,073,075	16,045,449
BITC Space	2,238,600	1,587,260
Internet Leased line* ¹	3,560,550	6,672,731
Power Charges from Tenants* ²	3,116,989	3,032,840
Training & Event Program * ³	7,806,962	13,289,297
Lease Rental income * ⁴	1,155,555	1,155,555
Total	34,951,731	42,291,726

*¹**Internet Leased line:**Thimphu TechPark is built under the PPP model. The Royal Government of Bhutan has the huge stake on it. The vision of the Government was to bring in the FDI companies and create employment opportunities for our Youth. Among the many killer reasons, the government made for the FDIs to establish their company in IT Park was the internet subsidy. The Department of ITTechnology, Ministry of Information and Communication is the stakeholder from the government end. They mandated to provide internet subsidy to the tenants of Thimphu TechPark Limited. The internet provider for the TTPL and its tenants are Bhutan Telecom Limited and TashiInfoCom as well.

Therefore, Bhutan Telecom Limited bills to TTPL for the internet usage and in return TTPL make invoice to DITT, MOIC for the subsidy amount and tenants for the remaining amount. TTPL make the payment to BTL after that.



(All figures in Bhutanese Ngultrums unless otherwise stated)

But unfortunately, DITT, MOIC stopped the internet subsidy with effect from 1st August 2018. Now, BTL is billing directly to the tenants of TTPL and they make the direct payments. The tenant companies include, Scan Cafe Private Limited, Secure Linked Services Private Limited, SouthTech Bhutan Private Limited, ZOOK KG Private Limited and Bid Ocean Private Limited.

***² Power Charges from Tenants:** Bhutan Power Corporation Limited provides Thimphu TechPark with the power (electricity) and in turn the host institute TTPL distributes the power to its' tenants. The payment method we follow is that TTPL pays the bill to the BPC as the expenses and TTPL raise the invoice to its tenants which is booked as the income from the electricity from tenants.

***³ Training Program:** Thimphu TechPark conducts trainings, workshops, competitions and seminars as a part of the mandate of Bhutan Innovation and Technology Centre. BITC partners with various stakeholders to conduct the trainings as well as we do the paid trainings bringing in the resource persons from the outside.

In 2018, we have got the funding from MOLHR to conduct Entrepreneurship Development Program and we did intensive advance & basic entrepreneurship course for our youth. We partnered with stakeholders like UNDP, MOLHR, Loden Foundation and others to conduct programs such as Startup Weekend, Business Idea Competition and Druk Tshong-rig Gatoen.

Moreover, we have conducted several paid trainings for the DOCs companies and other interested private individuals for their capacity building. BITC believes that we make another source of revenue through conducting trainings and other programs.

***⁴ Lease Rental income:** The Royal Government of Bhutan through Department of Information and Technology (DITT), 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 DITT 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 DITT, out of 50,000 SFT of IT Park, 10,000 SFT of the IT Park will be leased by the company to DITT 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 Sq.ft, to the Department of Information and Technology (DITT) 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 (DITT) for the above mentioned total lease period of 90 years and the same has been disclosed as Lease Security Deposit under Non-Current & 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.

Note 1.15 Finance Income

Particulars	For the month ended of 31 December, 2018	For the month ended of 31 December, 2017
Interest on Fixed Deposits	766,413	853,190
Total	766,413	853,190



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.16 Other Income

Particulars	For the month ended of 31 December, 2018	For the month ended of 31December, 2017
Sundry Creditor Written off*	800,000	2,273,087
Prior Period Income	-	9,737
Grant from DHI	-	2,500,000
Grant from UNICEF	-	674,421
Others	58,816	121,600
Total	858,816	5,578,845

* The sum of Nu. 800,000 payables to Suvidha Engineers Pvt. Ltd., contractor for the HVAC system in the IT Park building, has been written back based on agreements with the contractor and approval of the TTPL Board. This amount is part of the payables to the contractor reflected in the audited financials of the previous year dating back to 2012. Therefore, it is treated as income as it is no more payable.

Note 1.17 Employee Benefits

Particulars	For the month ended of 31December, 2018	For the month ended of 31December, 2017
Personnel Cost _Internship Fees	5,000	31,000
Personnel Cost _Salary	4,225,328	3,813,987
Personnel Cost _Provident Fund (Employer's Contribution)	309,279	288,541
Personnel Cost _Employees' Benefits		
a. Employees; Bonus	503,781	823,132
b. Performance Based Variable Allowance(PBVA)	390,279	332,756
c. Leave Encashment	82,580	384,450
d. Leave Travel Concession	166,456	158,478
e. Gratuity	960,425	119,502
f. Staffs' Uniforms	71,180	56,190
Total	6,714,256	6,008,036

Note 1.18 General Administration Expenses

Particulars	For the Month Ended of 31 December, 2018	For the Month Ended of 31 December, 2017
A. Administration Expenses		
Audit Fees	63,250	57,500
Audit Expenses	119,441	97,596
Bank Charges	1,700	3,357
Board Director/CS Training Expenses	354,131	177,309
Books and Periodicals	-	15,300
Brand & Management Expenses	207,531	91,840
Car Fuel Expense	120,000	120,000
Consultancy Expenses	88,150	28,500
Corporate Social Responsibility	140,000	101,100
Donations	76,590	100,000
Fees & Subscription	15,830	18,038



(All figures in Bhutanese Ngultrums unless otherwise stated)

Hospitality & Entertainment Expenses	151,415	146,296
House Keeping Expenses	84,990	113,579
Land Leased	217,800	217,800
Membership Fees	52,326	21,341
Profit Sharing to DITT for BITC	371,518	1,159,913
Staffs' Training Expenses	222,199	152,148
Training & Event Expenses	3,971,669	7,361,063
B. Meeting Expenses		
Board Sitting Fees	286,000	292,000
Board Committee Sitting Fees	20,000	10,000
Board Meeting Expenses	127,384	18,701
C. General Insurance		
Building Insurance	147,840	147,840
Car Insurance	36,873	36,278
D. Utility Expenses		
DG Fuel Expenses	84,564	80,686
Electricity Charges to BPC	3,652,427	3,165,894
Email Hosting & Microsoft online 365	56,528	67,534
Internet Leased Line Expenses	3,540,775	6,522,674
Internet, Telephone & Fax Charges	107,007	105,959
E. Office Expenses		
Gifts & Present	21,097	24,330
Miscellaneous/Office Expenses	82,340	68,687
Office Annual Rindro	70,000	65,000
Postage Expenses	4,700	4,650
Printing & Stationery	115,946	90,160
F. Travelling & Conveyance Expenses		
Travel Expenses Local	46,380	47,930
Travelling Exp. for Staffs' Training	22,641	-
G. Repair & Maintenance		
Building Maintenance	167,979	201,510
Car Maintenance	99,945	57,439
DG Maintenance	40,646	43,551
Electrical System Maintenance	29,093	170,105
Maintenance of Day Care Centre	2,650	-
Fire Protection System Maintenance	50,181	23,040
Garden Maintenance	11,406	25,523
Computer, Accessories and Equipment Maintenance	19,600	27,720
Landscape Maintenance	22,328	49,055
Plumbing System Maintenance	65,817	52,054
HVAC and Heating System Maintenance	30,205	1,600
Sewage Treatment Plant Maintenance	44,370	9,250
H. Marketing & Promotion		
Advertisement (Domestic)	105,732	74,982
Advertisement_ Targeting for International Investor	46,750	283,908
International Marketing	220,114	211,883
I. Prior Period Adjustment		
Prior Period Expenses*	60,972	0.00
Total	15,698,828	21,962,620

*Prior Period Items: An entity shall correct material prior period errors retrospectively in the first set

(All figures in Bhutanese Ngultrums unless otherwise stated)

of financial statements authorized for issue after their discovery by restatement of financial statement. Hence the prior period expense has been adjusted in the respective year.

Note 1.19 Finance Cost

Particulars	For the Month Ended of 31December, 2018	For the Month Ended of 31 December, 2017
Interest on Borrowings	1,627,958	2,039,775
Corporate Guarantee Fees	256	0.00
Total	1,628,214	2,039,775

Note 1.20 Fair Value Changes on Investment Property, Net

Particulars	For the Month Ended of 31December, 2018	For the Month Ended of 31December, 2017
Gain from change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	9,729,478	9,296,116
Total	9,729,478	9,296,116

Note 1.21 Earning Per share

Particulars	For the Month Ended of 31December, 2018	For the Month Ended of 31December, 2017
Realized Earning for the year	20,681,964	26,536,776
Weighted Average No. of Equity Shares	2,229,045	1,912,612
Basic EPS from continuing operation for the Year	9.28	13.87
Diluted EPS from continuing operation for the Year	9.28	13.97



(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 1.2 Property, Plant & Equipment									
Particulars	Gross Block			Depreciation			Net Block		
	Opening	Additions	Deletions	Closing	Opening	Additions	Deletions	Closing	As at 31.12.2017
Plant & Machinery	14,391,054	0.00	0.00	14,391,054	5,752,732	1,078,637	0.00	6,831,369	8,638,322.00
Furniture & Fixture	326,785	252,850.00	0.00	579,635	49,666	49,280	0.00	98,946	277,119.00
Office Equipment	289,786	185,130.00	0.00	474,916	123,615	54,175	0.00	177,790	166,171.00
Computer & Accessories	811,519	679,591.75	0.00	1,491,111	472,237	178,790	0.00	651,027	339,282.00
Motor Vehicles	2,179,365	0.00	0.00	2,179,365	406,726	207,040	0.00	613,765	1,772,640.00
Store Room	0.00	147,800.00	0.00	147,800	0.00	3,050	0.00	3,050	0.00
Total Property, Plant & Equipment	17,998,509	1,265,372	0.00	19,263,881	6,804,975	1,570,973	0.00	8,375,948	11,193,533
Note 1.4 Intangible Assets									
Particulars	Gross Block			Amortization			Net Block		
	Opening	Additions	Deletions	Closing	Opening	Additions	Deletions	Closing	As at 31.12.2017
Software	197,903	0.00	0.00	197,903	167,076	12,202	0.00	179,278	30,827
Total Intangibles Assets	197,903	0.00	0.00	197,903	167,076	12,202	0.00	179,278	30,827

Property, Plant and Equipment: Under BAS, the company has recognized depreciation on property, plant and equipment has been provided based on rates provided in the Income tax act of the Bhutan. However, under BFRS depreciation have been provided on the basis of the useful life of the asset as per the requirement of BAS 16.

Physical verification of all assets was carried out in 2018 and where practical, assets where given a physical assessment. The damage assets were written-off from the books of the Company and the final assets in working condition matched with the book records as on 31 December 2018.



(All figures in Bhutanese Ngultrums unless otherwise stated)

B. SIGNIFICANT ACCOUNTING POLICIES OF THIMPHU TECHPARK LIMITED

1. Reporting Entity or General Information

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 the 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.

The main objective of the IT Park is to create employment opportunities for the youth by attracting both foreign and domestic IT/ITES companies to rent office space at the IT Park, and by supporting innovation and entrepreneurship through Bhutan Innovation and Technology Centre (BITC), the first business Incubation Centre in the country.

Going into the future, the company envisions to become the Centre of Excellence for IT services with special focus on ERP and Cyber Security services. This is in line with the DHI Roadmap for the next decade.

The company is incorporated under the companies Act of Kingdom of Bhutan as a non-listed public 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 49% and DHI 51%. The additional equity was injected by DHI in the year 2017 and the shareholding became DHI 59% and BTL 41%.

Further in 2018, the shares held by BTL were transferred to DHI and all shares in the company are now held by DHI.

All significant operations take place within Bhutan.

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.

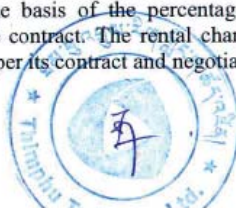
These Financial Statements relate to the month ended 31 December, 2018.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with relevant Bhutanese Accounting Standards (BAS), accounting policies set out in these financial statements 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 and negotiation.



(All figures in Bhutanese Ngultrums unless otherwise stated)

- **Fixed assets:** Fixed assets are depreciated over the estimated useful life, except Investment Property. Critical judgements are expected for period of use, condition of the asset, technological advances, regulation, and residual values.
- **Investment Properties:** The rental property (Building) is valued at Fair Value. Investment property is measured at fair value and movements in the fair value are included in reported income. The valuation of investment property involves assumptions on changes in costs and useful life of the asset.
- **Actuarial valuation of employee benefits:** Expected uptake of the gratuities and the discount rate used in the valuation.

The functional currency of preparation is the Bhutanese Ngultrum.

3. Application of Bhutanese Accounting Standards

The Financial Statements have been prepared in accordance with Bhutanese Accounting Standards and in compliance with the relevant provisions of The Companies Act of Bhutan 2016, for the year ended 31 December, 2018. The Company has early adopted in full all the standards that are applicable in line with its business operation prescribed in BAS as issued by AASBB.

The summarized impact of the introduction of BAS is to company has presented Statements of Comprehensive Income and Other Comprehensive Income (OCI) as per BAS.

4. Transition to Full BAS

These are the Company's financial statements prepared in accordance with complete full BAS. The accounting policies set out have been applied in preparing the financial statements for the year ended 31 December, 2018, the comparative information presented in these financial statements for the year ended 31 December, 2017. In preparing its opening Full BAS statement of financial position, the company has adjusted, regrouped and reclassified the amounts reported previously in financial statements wherever it is required.

5. 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 on 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 in Bhutan. Accordingly, it has been valued at Fair Value. Revaluation on Building of IT Park and Day Care Center too has been done alike previous financial years by M/s. Construction Development Corporation Limited as of 31st December, 2018.

6. 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, labour 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.



(All figures in Bhutanese Ngultrums unless otherwise stated)

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 & 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. The assets' useful lives and residual values are reviewed by the company, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other Income' or 'Other expenses' as the case may be, in the Statement of Comprehensive Income. TTPL currently has no disposals of any Fixed Assets.

7. 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.

8. 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 Current Assets comprise 'Trade & Other Receivables', 'Cash and Cash Equivalents' and 'Other Current Assets' in the balance sheet.

9. Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade & other payables and borrowings.



(All figures in Bhutanese Ngultrums unless otherwise stated)

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

10. Cash and Bank

In the Statement of Cash Flows, cash and bank includes cash in hand and at bank, deposits held with banks with maturities of one year or less.

11. 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.

12. 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.

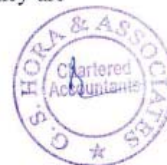
13. Current and deferred income tax

The company has been granted an initial 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. **RRCO/TH/Tax/Tax Holiday/Incentives/18/2018/124** dated 13.07.2018 from 20/06/2018 to 20/06/2023 and same may be extended till June 2028. Accordingly, no provision is necessary for current or deferred tax for the Financial Year under Audit.

14. 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 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.



(All figures in Bhutanese Ngultrums unless otherwise stated)

15. 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.

Under Defined Benefit Scheme

The Company makes retirement payments based on the final salary and years of service.

The gratuity is accrued on the basis of actuarial valuation. Changes in service and interest cost are charged to Profit or loss under Statement of Comprehensive Income. All actuarial gains and losses arising from the defined benefit plan are recognized in Other Comprehensive Income.

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.

16. 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.

17. 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.

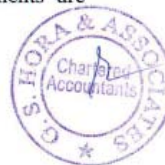
18. Lease Payment

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.

19. Consolidated financial statements

The financial statements of a DHI group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity as per BFRS -10.

The financial statements of the Group companies are consolidated on a line-by-line basis. Significant intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.



(All figures in Bhutanese Ngultrums unless otherwise stated)

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the DHI Group.

20. Contingent Liabilities

RRCO in Tax audit reports Nu. 3,877,432.78 has demanded as Tax Payable by the Company. However, the Company is enjoying Tax Holiday vide **RRCO/TH/Tax/Tax Holiday/Incentives/18/2018/124** and hence no loss is expected on this issue as Company has appealed against the Demand Notice No. RRCOTH-TAX/CIT/87/2019/767 dated 02/01/2019 as allowed by the rules with due approval from Board for the Financial year 2014 to 2017. Since the matter is under appeal the following demand is considered as Contingent Liability of the Company.

SI #	Income Year	Heads of Account	Amount [in Nu.]
1	2014	Additional CIT	913,624.15
2	2015		56,531.72
3	2016		833,694.02
4	2017		2,073,582.89
Total Amount (in Nu.)			3,877,432.78

The Provision for taxation hasn't been done in these Financial Statements as no liability is anticipated.

21. Comparative information

Where necessary certain comparative information has been rearranged, regrouped and reclassified in order to provide a more appropriate basis for comparison.



(All figures in Bhutanese Ngultrums unless otherwise stated)

2. Disclosure

2.1 Auditor's Remuneration

Particulars	Amount (in Nu.)
Remuneration to the Auditors of the Company	
Statutory Audit Fees	63,250.00
Other Audit Expenses	119,441.00
Total (in Nu.)	182,691.00

2.2 Managerial Remuneration

Particulars	Amount (in Nu.)
a. Remuneration paid to the CEO (Also Board Director) of the Company	
Salary & Allowance	1,182,502.80
Other Benefits	413,751.00
Provident Fund Contribution	91,025.22
Sitting Fees	68,000.00
b. Remuneration paid to the Manager (Also Company Secretary) of the Company	
Salary & Allowance	500,115.18
Other Benefits	130,164.05
Provident Fund Contribution	35,795.11
Sitting Fees	22,000.00
c. Directors' Sitting Fees (Exclusive of CEO & CS)	196,000.00
Total (in Nu.)	2,639,353.36

2.3 Key Management Personnel

List of Directors
1. Mr. Jigme Thinlye Namgyal, Chairman, w.e.f 4th March, 2016
2. Dr. Tshering Cigay Dorji, CEO, w.e.f November, 2014
3. Mr. Karma Tshewang, Director, w.e.f 4th March, 2017
4. Mr. Dorji Khandu, Director, w.e.f 14th July, 2017

2.4 Related Party Disclosure

i. Transaction with Group Companies

a. Bank of Bhutan (BOB)

Particulars	Amount (in Nu.)
Balance (CD Account) as of 31.12.2018	7,060,979.19
Borrowing - Current & Non - Current as of 31.12.2018	18,206,680.41
Interest on Loan paid	1,625,769.75
Bank Charges and fees for other financial services	1,629.52
Inter Group Miscellaneous Income (Training & others fees)	45,000.00

(All figures in Bhutanese Ngultrums unless otherwise stated)

b. Bhutan Telecom Limited (BTL)

Particulars	Amount (in Nu.)
Communication: Internet and Telephone charges	3,188,757.00
Inter-Company trade receivable	3,381.18
Inter-Company Trade payable	11,508.00
Rental Income from group Companies	123,750.19
Inter Group Miscellaneous Income (Training & others fees)	157,000.00

c. Bhutan Power Corporation Limited (BPCL)

Particulars	Amount (in Nu.)
Electricity Charges	3,652,427.00
Inter-Company Trade payable	458,900.00
Inter Group Miscellaneous Income (Training & others fees)	15,000.00

d. Construction Development Corporation Limited (CDCL)

Particulars	Amount (in Nu.)
Capital Work-in-Progress for previous year	1,000,000.00
Capital Work-in-Progress for Current year	45,643,361.00
Advance payment	14,356,639.00
Inter Group Consultancy Fees	18,150.00
Inter-Company Trade payable	18,150.00
Inter Group Miscellaneous Income (Training & others fees)	40,000.00

e. Druk Air Corporation Limited (DACL)

Particulars	Amount (in Nu.)
Flight tickets and other services purchased from Drukair	22,641.00

f. Dungsum Cement Corporation Limited (DCCL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	60,000.00

g. Druk Green Power Corporation Limited (DGPCL)

Particulars	Amount (in Nu.)
Inter-Company trade receivable	35,000.00
Inter Group Miscellaneous Income (Training & others fees)	277,500.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

h. Druk Holding & Investments (DHI)

Particulars	Amount (in Nu.)
Equity Shares	222,904,500.00
Inter Group Miscellaneous Income (Training & others fees)	91,000.00
Inter Group Brand Management Fees	207,531.06
Inter Company Trade payable	256.16
Inter Group Corporate Guarantee Fees	256.16

i. Dagachhu Hydro Power Corporation Limited (DHPL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	27,500.00

j. Dungsum Polymers Limited (DPL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	52,500.00

k. Kholongchhu Hydro Energy Limited (KHEL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	35,000.00

l. Koufuku International Limited (KIL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	15,000.00

m. Natural Resources Development Corporation Limited (NRDCL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	236,000.00

n. Penden Cement Authority Limited (PCAL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	35,000.00

o. State Mining Corporation Limited (SMCL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	35,000.00

p. State Trading Corporation of Bhutan Limited (STCBL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	27,500.00

q. Wood Craft Center Limited (WCCL)

Particulars	Amount (in Nu.)
Inter Group Miscellaneous Income (Training & others fees)	11,000.00
Purchase of Furniture, fixtures, computers and office equipment	133,350.00



(All figures in Bhutanese Ngultrums unless otherwise stated)

THIMPHU TECHPARK LIMITED
2018
FINANCIAL & OPERATIONAL RESUME
STATEMENT OF RATIO ANALYSIS

Financial and Operational ratio in respect of company is given in the statement of Ratio Analysis.

Ratio	Basis	2018	2017
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.17	7.30
Quick Ratio	$\frac{\text{Quick Assets}}{\text{Quick Liabilities}}$	3.17	7.30
Debtors Turnover Ratio	$\frac{\text{Sales}}{\text{Sundry Debtors}}$	7.07	5.77
Total Expenses to Total Income Ratio	$\frac{\text{Total Expenses} \times 100}{\text{Total Income}}$	70.06	64.62
Net profit/(Loss) to Total income	$\frac{\text{Net Profit/(loss)} \times 100}{\text{Total Income}}$	56.54	54.46



COMPLIANCE CALENDAR & COMPLIANCE CHECKLIST

COMPLIANCE CALENDAR OF THIMPHU TECH PARK LIMITED FOR THE FY 2018.

Sl. No.	Activity	Section		Remarks
1	Submission of Annual Return	267		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31 st May	Not Applicable
b)	All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.		On or before 31 st July	Annual Return filed on 18 th May 2018 which was duly acknowledged by Dy. Registrar of Companies on 20 th June, 2018. However, the Annual Return was signed only by the CEO of the Company and not any director.
2	Annual General Meeting	177		
a)	Listed Companies		On or before 30 th April	The AGM was held on 19 th March, 2018.
b)	Unlisted Companies		On or before 30 th June	
c)	Government Companies		Same timing	
3	Notice Calling General Meetings	185	21 days before the AGM	Notice was given on 27 th February, 2018.
4	Payment of Dividend	204	Within 30 days of declaration in AGM	No dividend was declared during the year under audit.
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		As informed to us, the Financial Statements were presented in the Annual General Meeting.
6	Filing of Documents with Register	267		Please refer Clause 1(b) above.



7	Appointment of auditor GCC & GC Reappointment Removal Resignation	251 260- 262	Every AGM Notify the Registrar within 15 days from passing the resolution Convene the EGM within 14 days to discuss resignation.	Auditors have been re-appointed. Auditors have been re-appointed in the AGM held on 19 th March, 2018 out of panel of auditors maintained by RAA AG of Bhutan. The term of service is within 3 years. Not Applicable
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the registrar	In the AGM held on 19 th March, 2018, two directors resigned and got re-appointed. However, consent letters were not obtained from them and filed with the Registrar.
9	Board Meetings 1 st BM 2 nd BM 3 rd BM 4 th BM	146 & 149	3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	A total of seven (7) Board Meetings were held during the year under audit. The quorum was duly maintained.
10	Appointment of CEO	210	Every 5 years	The Company had appointed CEO with effect from 1 st January, 2016.
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	N.A.
12	Appointment of Company Secretary	213	As per prescribed by MTI	The Company Secretary was appointed in the 20 th Board Meeting held on 4 th December, 2014.
13	Statutory Record and Inspection	228	All times	As informed to us by the management, the Statutory Records are available for inspection at all times.



THIMPHU TECHPARK LIMITED**2018****COMPLIANCE CHECKLIST****CHECKLIST FOR COMPLIANCE OF PROVISIONS OF THE COMPANIES ACT OF BHUTAN, 2016**

NAME OF COMPANY:		THIMPHU TECHPARK LTD.					
REGISTERED NO:		U20121219TH10390					
			COMPLIANCE CHECKLIST				
		INCORPORATION OF A COMPANY &					
SL	Section	SECURITIES	YES	NO	NA	REMARKS	
1	28	Changes to Articles/Approval	✓			Since shares have been transferred during the Financial Year 2018, and hence Article of Incorporation of the Company has been altered.	
2	47	Changes of name			✓		
3	123	Increase or consolidation of share capital			✓		
4.	124	Reduction of share Capital			✓		
5.	82	License Copy and Share Certificate filing			✓		
6.	107	Public Offer of Shares & Debentures – ROC Approval			✓		

DATE:08/02/2019



P-VII MANAGEMENT & ADMINISTRATION

7.	217	Registered Office of Company (Postal Address & Contact No)	✓				
8	221	Publication of name by company (Letter Head, Seals and Sign Board)	✓			However, Name has not been engraved (carved out) on a seal.	
9	241	Financial Year of Companies as of 31 st December	✓				
	242	Extension upto 15 months- ROC Approval			✓		
	243	Extension upto 18 months- ROC Approval			✓		
	245	Financial Statements to follow BAS	✓				
10	267	Annual return On or before 31 st May for listed; others 31 st July	✓			Annual Return for the year 2017 filed on 18 th May, 2018 and acknowledged by Dy. Registrar of Companies on 20 th June, 2018.	
11	177	Annual General Meeting (Minutes)	✓			Last Annual General Meeting was held on 19 th March 2018.	
12	180	Extraordinary General Meeting (Minutes)	✓			During 2018, Extraordinary General Meetings were held on 9 th February 2018 and on 23 rd October 2018.	
13	185	Notice for calling General Meeting –	✓			Notice was published in Kuensel Corporation, local newspaper pronouncing AGM to be held on 20 th March, 2018.	
	187	Listed - written as well as in media					



		Public Co / Private Co – Written Notice	✓				
14	190	Chairman of meeting (CEO cannot Chair)	✓				
15	192	Representation of corporation at meetings (Appointed by Board of Directors)			✓		
16	193	Ordinary and special resolutions (Minutes)	✓				
17	195	Minutes of Annual General Meeting and Board Meetings (Maintained ss 195- 198)	✓			No books as prescribed have been maintained with respect to conduct of General as well as Board Meeting.	
18	199	Declaration and payment of dividend (199-209)			✓		
19	232	Books of account to be kept by company (location & time period)	✓				
20		Board's report (signed by Chairman)	✓				
21	252	Appointment and removal of Auditors	✓			Auditors have been appointed by Royal Audit Authority.	
		Reappoint annually (251-259)	✓				
22	260	Resignation of auditors from office			✓		
23	266	Auditing Standard (audit using Auditing Standards issued by AASBB)	✓				
24	133	Number of Directors (Minimum No and Retirement on Rotation)	✓				



25	139	Additional Directors			✓		
26	140	Consent to act as directors	✓				
27	141	Certain persons not to be appointed as directors			✓		
28	142	Resignation by a director			✓		
29	143	Removal of directors			✓		
30	146	Board Meetings (4 meetings for public companies and 2 for private companies)	✓			7 board meetings	
31	152	General powers of the board	✓				
32	156	Restriction of powers of Board	✓				
33	210	Appointment of Chief Executive Officer	✓			Dr Tshering Cigay Dorji has been serving as CEO.	
34	414	Appointment of Selling or Buying Agents (Govt Approval obtained or Not)			✓		
35	157	No loans to directors (only for public company)			✓		
36	53	Inter Corporate Investments (Investments to be disclosed) apply old rule			✓		
37	158	Contracts in which directors are interested			✓		
38		Companies to have secretaries	✓			Appointed on 4 th December, 2014 by the Board of Directors.	
39	161	Standards of care	✓			As per our test checks and observations, we	



		required by directors (Reckless decisions)				have not across any such matters.	
--	--	---	--	--	--	--------------------------------------	--

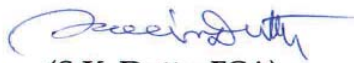
CHECKLIST FOR COMPLIANCE OF PROVISIONS OF THE COMPANIES ACT OF BHUTAN, 2016**P-IX STATUTORY RECORD AND INSPECTIONS**

40	228	Statutory record and inspection	✓			
41		a. Register of buy-back of shares			✓	
42		b. Register of transfers	✓			Not yet updated.
43		c. Register of charges	✓			
		d. Register of inter-corporate loans			✓	
44		e. Register of Inter-corporate investments			✓	
45		f. Register of contracts in which directors are interested.			✓	
46		g. Register of directors	✓			
47		h. Register of directors' shareholding			✓	
		OTHERS				
48	148	Notice of Board Meeting		✓		No notice was given in writing as prescribed. However, emails were sent.

For on behalf of **G.S. Hora & Associates**
Chartered Accountants
Firm's Reg. No.316030E

Place: Thimphu
Date: 08/02/2019




(S.K. Dutta: FCA)
Partner
Membership No. 054632

G. S. Hora & Associates
Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
PH. : 2431693, 2431076 (O)
FAX : (0353) 2534155
E-MAIL : cagsha@gmail.com

THIMPHU TECHPARK LIMITED

MANAGEMENT REPORT

2018

1. Auditors' Observation:

Since, the observations raised during the course of audit were already resolved by the management they have not been mentioned in the Management report as recommended during the Exit Meeting.

2. Management's Response:

Not Applicable

3. Auditors Further Comments (to recommend further course of Action)

Not Applicable

4. Accountability (fixing of Direct and Supervisory)

Not Applicable

FORMAT OF FOLLOW-UP REPORT

Follow-up report on previous years' management reports

Summary of Follow-up Report

Accounting Year	Total No of recommendations provided	No of recommendations implemented	No of recommendations partially implemented	Balance recommendations to be implemented
2017	4	4	-	-

Detailed Follow-up Report for the year ended 31st December, 2017

Para No.	Observations in brief	Management's response – current status	Status of Compliance
The observations as raised in FY 2017 have already been implemented.			



