



Thimphu TechPark
dhi Company

ANNUAL REPORT 2019





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The Year in Review

Thimphu TechPark, Bhutan’s first IT Park started its operations on 7th May 2012 with two core mandates: 1) Attracting and facilitating FDI (Foreign Direct Investment) companies to lease commercial space within the 58,000 sq ft building, and 2) Managing and operating the Bhutan Innovation and Technology Centre which consists of Bhutan’s first business incubation centre and a Tier-2 Data Centre. The company did well in meeting the objectives in these two areas by becoming a major player in the startup ecosystem of Bhutan, and also generating hundreds of employment opportunities for Bhutanese youths by attracting global IT/ITES companies. The IT Park has been employing over 600 Bhutanese youths since 2016 as shown in the following figures.

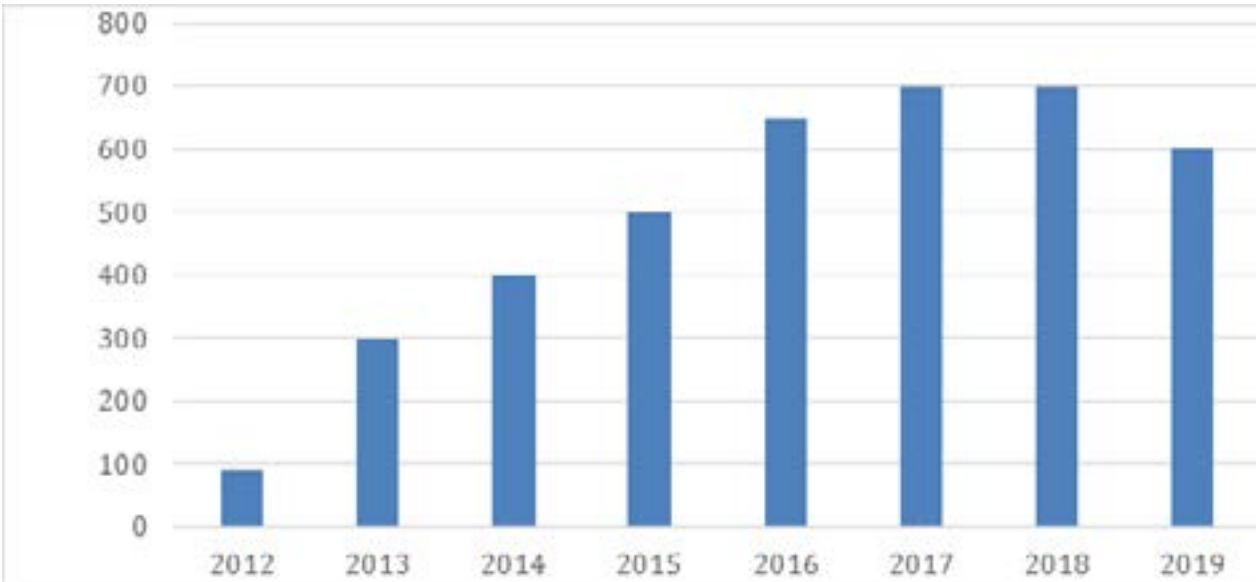


Figure 1. Bhutanese employed in various companies located at Thimphu TechPark from 2012 to 2019

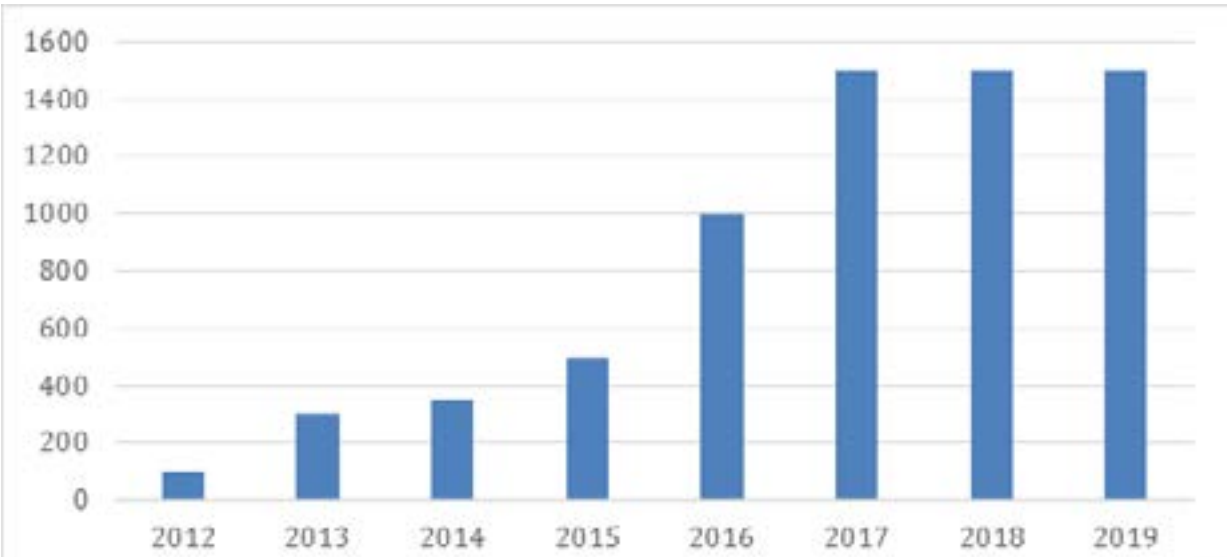


Figure 2. Youths engaged through BITC’s trainings, seminars and other programs

The company not only achieved its social mandates of creating jobs and playing an active role in the startup ecosystem by becoming a champion of various events such as the annual Business Idea Competition of Bhutan, Bhutan Code Challenge (hackathon) and Startup Weekend etc., but it also met its financial targets and has been running as a profitable company since 2015. It even declared dividends in 2018 and 2019, and the employees have also received annual bonuses since 2015. Because all the FDI companies at the IT Park serve markets outside Bhutan, they have brought in millions of dollars in foreign exchange. This, I feel, is a great economic contribution for a country plagued by a huge trade deficit.

Having achieved the desired results in the two core mandates of the IT Park, DHI, the owner of Thimphu TechPark Ltd., desired that the company should evolve further and transform itself into a full fledged information technology company. Therefore, the DHI Roadmap adopted at the end of 2018 mandated TTPL to become 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”, reads the Roadmap.

Therefore, the year 2019 became a turning point for the company in its transformation from a real-estate based Technology Park management company to an IT services provider. At the same time, the company cannot abandon its two original core mandates because that is a requirement under the Public Private Partnership contract with the Government, inherited by the new owner (DHI) from the Assetz Property Group (APG) of Singapore when DHI bought all of APG's shares and became the 100% owner of TTPL on 29th October 2014.

The company created a new IT Services Department and recruited a few professionals through open vacancy announcements. In addition, a 12-member SAP support team consisting of ten members from DGPC and two from BPC were transferred to TTPL with effect from 1st October 2019. Furthermore, a 10-member ERPNext team from BTL was transferred to TTPL with effect from 1st January 2020. These inter-DoC transfer (transfer within DHI owned companies) was facilitated by DHI. Thanks to DHI and the cooperation and support provided by DGPC, BTL and BPC, TTPL was able to establish an IT services department successfully in line with DHI Roadmap.

Financially, the Company achieved annual revenue of Nu. 38,182,237 and Profit Before Tax (PBT) of Nu. 3,237,541, and declared a dividend of Nu. 2.2 million.

For 2020, our main focus will be on establishing the IT Services Department on a more solid footing by recruiting more people and building competent teams, and working on new IT projects. On our part, my colleagues and I are fully committed to living up to the expectation of our Board and the shareholder, and contributing our bit towards His Majesty's vision of Bhutan's future.



Dr. Tshering Cigay Dorji
Chief Executive Officer

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1. COMPANY PROFILE

1.1 Background of the company

Thimphu TechPark was initiated as a Public Private Partnership (PPP) Project under the umbrella of Private Sector Development Project (PSDP) which was supported by the World Bank. The project started in 2008 while the initial concept document dates back to 2006. It was the first PPP Project to be undertaken in Bhutan. The objectives of the PSD Project consisting of the three components – IT Park Infrastructure (Thimphu TechPark), Skills Development Program (it trained 1,300 youths in IT & ITES Sector) and Strengthening the Financial Sector through IT Investments (it established inter-Bank Electronic Fund Transfer Clearing System (EFTCS), were to increase productive employment in Bhutan through promotion of enterprise development in the IT/ITES sector, enhanced IT skills, and improved access to finance.

The Royal Government of Bhutan (RGoB) received a grant from the International Development Association (IDA) toward the cost of the PSD Project in 2008. The Department of IT & Telecom, Ministry of Information and Communications called for bids to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) the IT Park in Babesa, Thimphu under the PPP model.

Druk Holding and Investments (DHI), Bhutan, and Assetz Property Group (APG), Singapore, signed a joint venture agreement and submitted a Joint Venture bid to (DBFOOT) the IT Park. Their bid was accepted by the Government and subsequently, DHI and APG were awarded the contract vide letter No. DIT/35(12)/2009-10/07 dated 17th July 2009. DHI and APG then incorporated Thimphu TechPark Pvt. Ltd (TTPL) 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 Shareholders Agreement was signed on 29th August 2009 with DHI holding 26% and APG holding 74% of TTPL.

In the Public Private Partnership, TTPL became the private partner and the Department of IT & Telecom became the public partner representing the Government. Some of the contributions from the Government as the public partner were as follows: 5-acre land on lease at the fixed lease rate of Nu. 1 per sqft, Tax holiday for TTPL for 15 years, tax holiday for tenant companies, customs duty and sales tax exemptions for import/purchase of items forming direct input for the setting up of the office, the provision of ancillary facilities such as road access, water supply, power supply and fiberoptic connections for the IT Park, and financing the establishment of Bhutan Innovation & Technology Centre (consisting of Bhutan’s first Business Incubation Centre and a Data Centre) within the IT Park.

The responsibility of TTPL, the private partner, was to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) the IT Park. Hence, the whole cost of design and construction of the IT Park was borne by TTPL.

The ground-breaking ceremony for the IT Park was held on 18th May 2010, and IT Park was inaugurated on 1st November 2011 by Her Majesty the Queen Mother Ashi Tshering Yangdon Wangchuck coinciding with the Coronation Day of His Majesty the King. The construction was fully completed on 30th April 2012 and the operations formally started on 7th May 2012.

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 sold its shares to DHI on 29th October 2014. Since then, TTPL has become one of the fully owned companies of DHI.

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 at the IT Park 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 besides helping to make the entrepreneurship ecosystem in the country more vibrant.

However, in line with the DHI Roadmap 2019 – 2030, the company has taken steps from 2019 onwards to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company’s focus is now on becoming the Centre of Excellence for Software Engineering, 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.

1.2 Vision, Mission and Values

VISION

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

MISSION

- ✦ To provide world class services in Information Technology
- ✦ 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
- ✦ To promote Research, Innovation and development in Technologies
- ✦ To maximize the efficient utilization of resources and increase return on investment for all stakeholders

VALUES

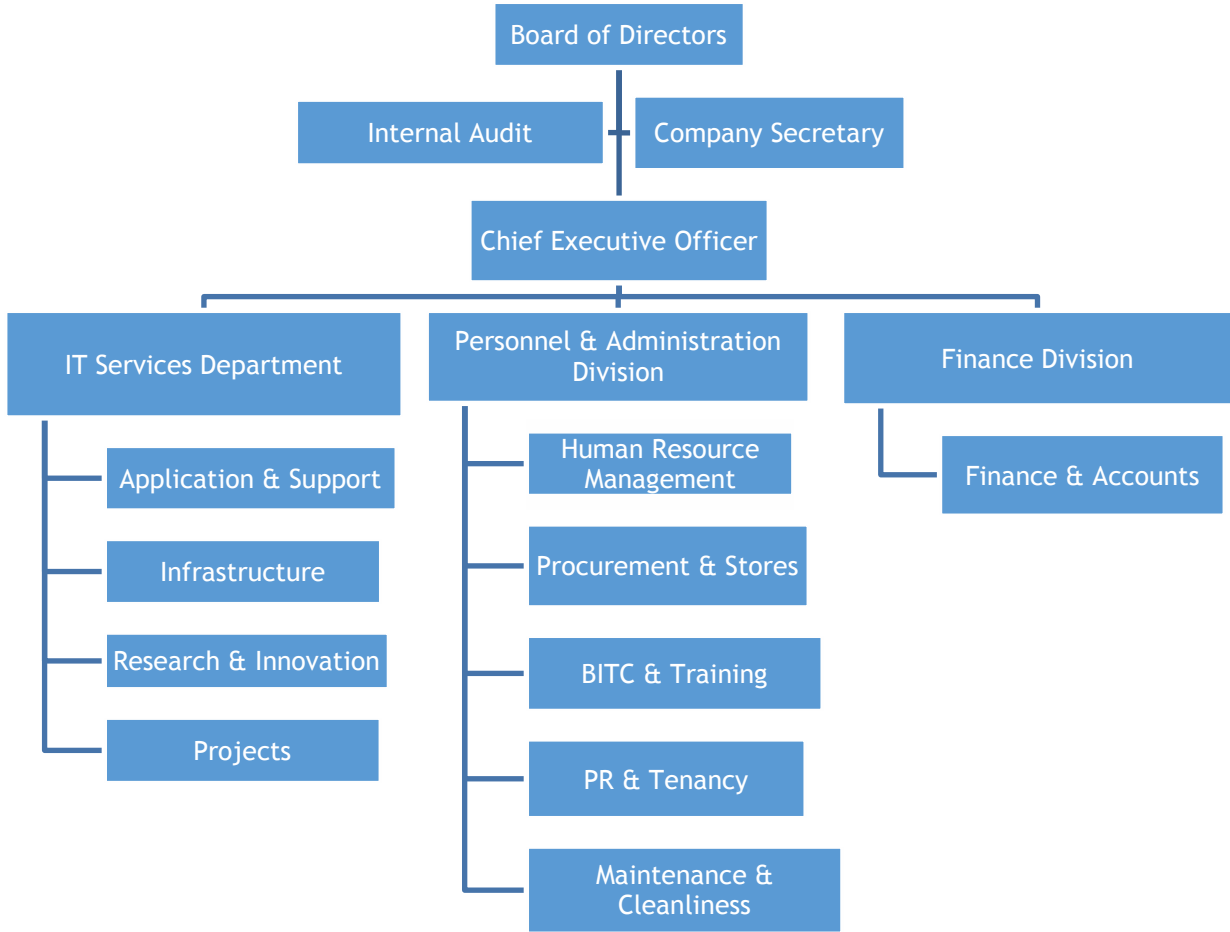
The company, in discharging its duties and providing services to all its stakeholders, will uphold the following core values:

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

1.3 Organizational Chart

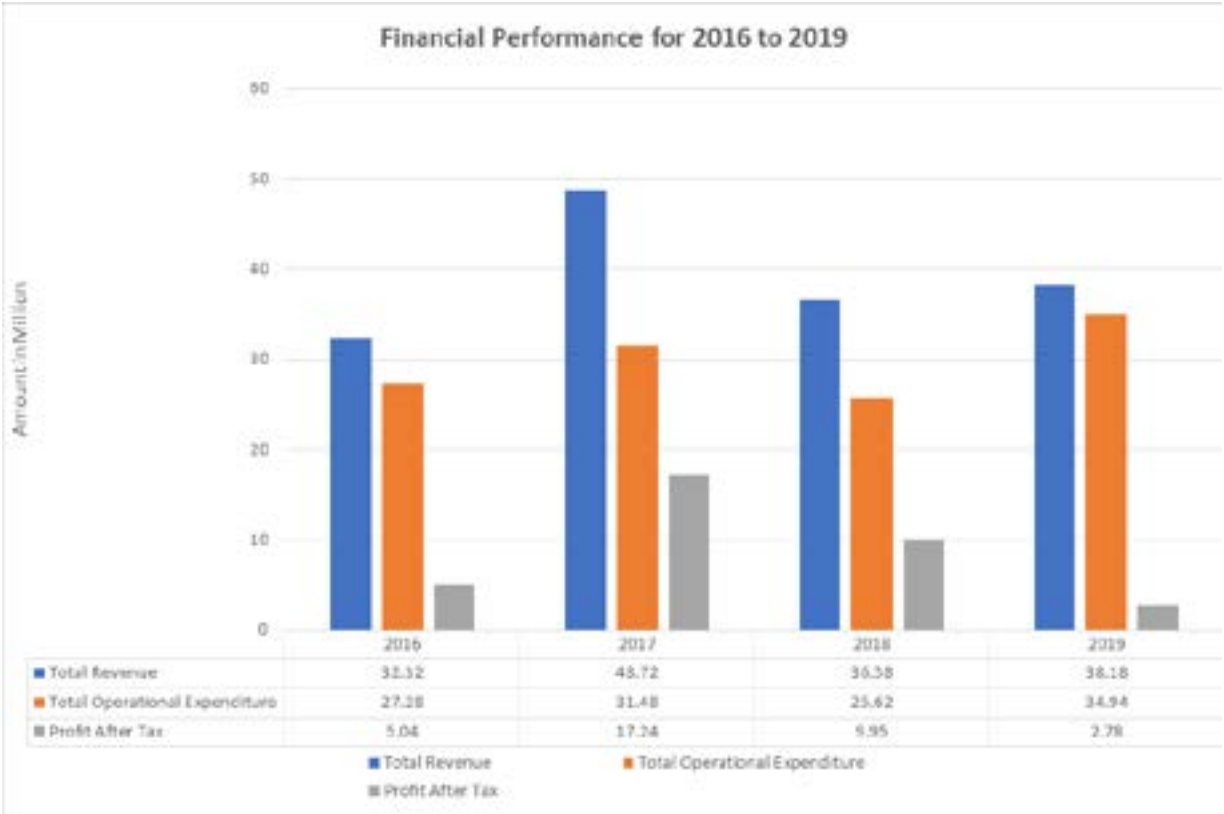
TTPL functions under the guidance of its shareholder and the Board of Directors.

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.



1.4 Financial Performance

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



2. BOARD DIRECTORS



Jigme Thinlye Namgyal, Chairman,
(March 2016 – March 2020)

Mr. Jigme Thinlye Namgyal has served in various Ministries, and has rich experience in the field of Information Technology. He served as the Director General of Department of IT & Telecom, MoIC. 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. Currently, he is serving as the Director General, Department of Disaster Management.



Karma Tshewang, Board Director,
(March 2016 – March 2020)

Mr. Karma Tshewang holds a Bachelor's Degree in Electrical Engineering from Peen State University, USA. He has more than 22 years of work experience in the field of management and telecommunications. He is currently serving as the Director of Technical Department in Bhutan Telecom.



Karpo Tshering, Board Director,
(March 2019 – March 2020)

Mr. Karpo Tshering has a Master of Computing, with specialization in Software Engineering, from the Australian National University, Canberra. He has extensive experience in the field of Information Technology having led SAP ERP Implementation for DHI Group and some of its companies. He is currently serving as a Senior Manager, Corporate Services Division, Druk Holding & Investments.



Ujjwal Deep Dahal, Board Director,
(July 2019 – Present)

Mr. Ujjwal Deep Dahal has a Master's in Science (Electrical Engineering) from University of New Brunswick, Canada and Bachelor of Engineering from PSG College of Technology, India and is a certified Project Management Professional (PMP) from PMI, USA. His experience, expertise and interests are in the areas of energy policy & markets; project management; energy system planning & design; strategic technology planning; smart cities; and data driven system designs. He is currently serving as the Director of Department of Innovation and Technology, Druk Holding & Investments.



Tshering Cigay Dorji,
Chief Executive Officer/ Board Director
(January 2016 – Present)

Dr Tshering Cigay Dorji holds a Masters of Management degree 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. MANAGEMENT TEAM



Top Row (left to right): Mr. Yadap Suberi (Manager, SAP), Mr. Kinley Tshering (Sr. Manager, ERPNext) Front Row (left to right): Mr. Karma Tshewang (Deputy Manager, Finance & Accounts Division), Ms. Pema Lhamo (Company Secretary), Dr. Tshering Cigay Dorji (Chief Executive Officer), Ms. Choden, (Manager, Personnel & Administration Division), Mr. Namgay Phuntsho (Director, IT Services Department)

Tshering Cigay Dorji - Chief Executive Officer

Dr Tshering Cigay Dorji holds a Masters of Management degree 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.

Mr. Namgay Phuntsho - Director (IT Services Department)

Mr. Namgay Phuntsho holds Masters of Professional Accounting and Masters of Business Administration from Australia. He has more than 17 years of experience in the field of IT and management of financial institutions. Before joining TTPL, he was involved in setting up and managing the IT systems of Bhutan National Bank and subsequently that of T Bank. He was also part of the senior management team responsible for operations and strategic management of these banks. He is currently serving as the Director of IT Services Department.

Choden – Manager (Personnel & Administration Division)

She obtained Bachelor of Computer Applications from AVS College of Arts & Science, Tamilnadu, India. Before she joined TTPL, she has worked in the news media industry as a marketing officer. She has diverse experience in marketing, human resources, procurement, trainings and operations. She is currently serving as the Head of Personnel & Administration Division.

Karma Tshewang – Deputy Manager (Finance & Accounts Division)

He obtained Bachelor of Business Administration from Gedu College of Business Studies, Royal University of Bhutan. He has completed the training 'Crash Course in Book-keeping with Tally & Income Tax Filing' from KheyRig Institute of Accounts & Management (KIAM) Bhutan, and the 'International Financial Reporting Standard (IFRS) Training' from Ernst & Young, Colombo, Sri Lanka. He is currently serving as the Dy. Manager, Finance & Accounts Division.

Yadap Suberi – Manager (SAP- IT Department)

He has Masters in Information Technology from Murdoch University, Australia. His experience and interest are in the area of Enterprise Information Systems, IT service management, IT strategy, research, conducting business study and project management. Before he joined TTPL, he served as the head of the ICT Service Desk Unit and Projects Unit (SAP eGreen), Druk Green Power Corporation Ltd. He is currently serving as the Head, Project Division (Manager-SAP), Department of IT Services.

Kinley Tshering – Sr. Manager (ERPNext- IT Department)

He has Bachelor in Information Technology from Rochester Institute of Technology, NY. Before he joined the TTPL., he worked at Druk Holding & Investments Ltd. and Bhutan Telecom Ltd., where he led development of in-house Enterprise Resource Planning (ERP) projects for State Mining Corporation Ltd., Construction Development Corporation Ltd. and Natural Resource Development Ltd. and eProcurement System. He is currently serving as the Head (Sr. Manager-ERPNext) of Application and Support Services Division, Department of IT Services.

4. DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report to the Druk Holding & Investments Limited the annual performance of Thimphu TechPark Limited for the period 1st January to 31st December 2019. The report contains the operational performance along with the achievements and financial results.

Operational Performance

Thimphu TechPark Ltd. went through a major transformation in 2019. In line with DHI Roadmap 2030, the company's main focus and area of business shifted to Information Technology services, while continuing to manage the IT Park and the incubation centre, and offer trainings in the field of entrepreneurship and IT. 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.

Overall, the company's main contribution to the country has been in creating employment opportunities for our youth in the IT and IT Enabled Services sector, demonstrating the potential of IT in strengthening our economy and influencing positive policy changes for the sector. Thimphu TechPark has been providing direct employment to over 600 people continuously since 2016.

The following are some of the highlights of operational performance for the year 2019:

- The company has successfully transformed itself into an IT/software company in line with DHI Roadmap by building an IT Department. We had seventeen employees in the beginning of the year, but with the addition of the new IT Services Department, it grew to 36 employees by the end of the year.
- The IT Services Department started giving SAP support services to companies within the DHI Group and also signed contracts for two software development projects – one for NRDCL and one for Gelephu Thromde.
- The company also hosted a welcome ceremony for the ERPNext Team which consist of 10 IT professionals from Bhutan Telecom Ltd. on 31st December 2019 and the team was effectively transferred to TTPL from 1st January 2020.
- 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.



Inauguration and consecration ceremony of the New IT Park Building on 27 August 2019 by Dasho Karma Yezer Raydi, CEO, DHI.



Inauguration ceremony of Department of IT Services and 'Centre of Excellence for Information Technology' on 12 September 2019 by Dasho Ugen Chewang, Chairman, DHI.

- The company completed the construction of the second IT Park building on 31st July 2019.
- 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. 223,090,900 while the total shareholder's equity stands at Nu. 260,339,271. The company has a total long term borrowing of Nu. 9,266,327 from Bank of Bhutan and Nu. 32,015,941 National Pension & Provident Fund as of 31st December 2019.

The Company's revenue for the year was 38,182,237 and Profit Before Tax (PBT) was Nu. 3,237,541. While there is an increase in revenue, the decrease in PBT is attributable to additional employee expenses, loss in rental revenue for the space occupied by our new staff, increase in depreciation and cost of finance. However, the IT Services business is expected to pick up and become more profitable in the coming years.

Given that the company is in an expansion mode in the IT services sector, especially software development, it would require funds to meet the expenses for the expansion. Therefore, the company may not be in a position to declare any dividend. However, the Annual General Meeting may deliberate and decide. The company may also have to request for equity injection from the shareholder in 2020.

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 five Directors including the CEO.

In the year 2019, the Board has conducted ten Board Meetings. The total remuneration paid to CEO including benefits was Nu. 2,189,224.71 and the total Board Directors' sitting fees was Nu. 412,000.00 in the year 2019.

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 direct employment opportunities for over 600 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. 341,992 in donations and contributions towards social causes in the year 2019.

Challenges

The Company faces the challenge of attracting skilled IT professionals because the pool of such professionals is very limited in Bhutan. For the Tech Park business, 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. We hope that the renewed focus on the IT/ITES sector given by the Government following His Majesty's address to the nation in the 112th National Day celebration would add impetus to harnessing the power of IT and emerging technologies 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 2020

The Company’s focus in 2020 will be on starting some large software projects for the Government such as the Bhutan Integrated Taxation System (BITS) and the Electronic Patient Information System (ePIS), and further consolidating our existing ERP services of DHI owned companies and other clients. In addition, we will also focus on building capacity to provide cyber security services to the group. Looking further ahead, the company aims to become the centre of excellence in software engineering and become an exporter of professional IT services.

Acknowledgement

The Company would like to acknowledge with thanks the invaluable support and guidance received from Druk Holding and Investments, DHI Owned Companies, the Board Directors, the tenant companies, the management and employees, the Department of IT & Telecom, the Ministry of Information and Communications, and the Royal Government of Bhutan.

Tashi Delek!

For and on behalf of the Board



(Sign: Thimphu 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 Board Directors

Board Directors play an active role in the Board Meetings through contributions of their professional opinions and active participation in discussion. The Board constitutes of five members, including the Chief Executive Officer. All the members of the Board are identified and appointed by DHI with subsequent endorsement in the general meetings. The DHI organize and conducts orientation programme for the new board members to prepare them on the roles and responsibilities of the board.

Name	Address	Date of Appointment	Status	Term	Board on other DHI Companies
Mr. Jigme Thinlye Namgyal	Director General, Department of Disaster Management	2018- 2020 Reappointed	Independent Director	2nd term	None
Mr. Karma Tshewang	Director, Bhutan Telecom Ltd.	March 2017 Reappointed	Non-Independent Director	2nd term	None
Mr. Karpo Tshering	Sr. Manager, Druk Holding & Investments	March 2019	Non-Independent Director	1st term	Construction Development Corporation Ltd.
Mr. Ujjwal Deep Dahal	Director, Druk Holding & Investments	July 2019	Non-Independent Director	1st term	None

5.2 Board Meetings

A total of ten Board Meetings were conducted in the year 2019. 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.	Board Directors	Attendance
48th Board Meeting Date: 9 January 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Dorji Khandu	Present
49th Board Meeting Date: 28 February 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Dorji Khandu	Present
50th Board Meeting Date: 15 April 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
51st Board Meeting Date: 11 June 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Apologies
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
52nd Board Meeting Date: 19 July 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present

53rd Board Meeting Date: 29 July 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
	Ujjwal Deep Dahal	Present
54th Board Meeting Date: 31 July 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
	Ujjwal Deep Dahal	Present
55th Board Meeting Date: 24 August 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
	Ujjwal Deep Dahal	Apologies
56th Board Meeting Date: 25 October 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Apologies
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
	Ujjwal Deep Dahal	Present
57th Board Meeting Date: 24 December 2019	Jigme Thinlye Namgyal	Present
	Karma Tshewang	Present
	Tshering Cigay Dorji	Present
	Karpo Tshering	Present
	Ujjwal Deep Dahal	Present

5.3 Board Committees

The following Board Committees are in place:

- 1. Board Audit Committee (BAC)
- 2. Board Tender Committee (BTC)
- 3. Board HR Committee (BHRC)

Board HR Committee

The Board HR Committee consists of three members. The committee meets as and when required.

Meeting No	Member's present	Chairman / Member	Attendance
1st Board HRC Date: 24 May 2019	Karpo Tshering	Chairman	Present
	Karma Tshewang	Member	Present
	Tshering Cigay Dorji	Member	Present
	Kinga Lotey		Special Invitee
2nd Board HRC Date: 23 July 2019	Karpo Tshering	Chairman	Present
	Karma Tshewang	Member	Present
	Tshering Cigay Dorji	Member	Present
3rd Board HRC Date: 22 August 2019	Karpo Tshering	Karpo Tshering	Present
	Karma Tshewang	Member	Present
	Tshering Cigay Dorji	Member	Present
4th Board HRC Date: 27 Sept. 2019	Karpo Tshering	Chairman	Present
	Karma Tshewang	Member	Present
	Tshering Cigay Dorji	Member	Present
5th Board HRC Date: 29 Nov. 2019	Karpo Tshering	Karpo Tshering	Present
	Tshering Cigay Dorji	Member	Present
	Karma Tshewang	Member	Apologies
	Namgay Phuntsho	IT Director	Special invitee
	Deki Yangdon	Deputy Manager, HR	Special invitee
6th Board HRC Date: 30 Dec. 2019	Karpo Tshering	Chairman	Present
	Karma Tshewang	Member	Present
	Tshering Cigay Dorji	Member	Present

5.4 Board Remuneration

The Board remuneration and CEO's remuneration paid during the year are given below:

Remuneration of Directors

Directors' fees (Board sitting fees) & Sub-committee's fee	Nu. 412,000.00	Remarks: Exclusive of CEO
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Remuneration of Chief Executive Officer

Expenses Head	Amount (in Nu.)
Salary & Allowance	1,525,861.47
Other Benefits	431,095.24
Provident Fund Contribution	112,268.00
Sitting Fees	120,000.00
Total	2,189,224.71

5.5 Annual General Meeting

The 10th Annual General Meeting of the Company was held on 9 March 2020 at DHI Conference Hall at 10:00 AM.

Key highlights of the meeting;

- Three Directors, Mr. Jigme Thinlye Namgyal, Mr. Karma Tshewang and Mr. Karpo Tshering successfully completed their terms.
- Confirmed and approved the appointment of Mr. Ujjwal Deep Dahal as the Director of the company with effect from 29 July 2019.
- The AGM appointed the following directors:
 - 1. Mr. Karma Yonten, Head, Office of Performance Management, His Majesty's Secretariat
 - 2. Mr. Tenzin Namgay, Director, National Land Commission Secretariat
 - 3. Mr. Karma Pemba, Director, Cabinet Secretariat
 - 4. Mr. Kuenga Jurmi, CEO, Financial Institutions Training Institute
 - 5. Dr. Sonam Choiden, President, Gedu College of Business Studies
- Declared: a dividend of Nu. 2.2 million.

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 direct employment opportunities for over 600 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. 341,992 in donations and contributions towards social causes in the year 2019.

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.

G. S. Hora & Associates
Chartered Accountants

5TH FLOOR, NILADRI SHIKHAR,
HILL CART ROAD, SILIGURI-734001
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INDEPENDENT AUDITORS' REPORT

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 2019, 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 2019, 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.

Emphasis of Matter

We draw attention to the following notes in the financial statements: -

1. *Restatement of earlier years Financial Statement: The financial statements for the year ended December 31 2014, 2015, 2016 and 2017 were adopted by the board of directors without making any provision for Income Tax on the presumption that full income earned by the company is under tax holiday. However, the Regional Revenue & Customs Office, Ministry of Finance, Bhutan conducted tax assessment on the company and demanded taxes to the tune of Nu 3.88 million for the Financial Years 2014 to 2017 for*



G. S. Hora & Associates

Chartered Accountants

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which no provision of taxation was made earlier. Further, no provision of taxation was made for the Financial Year 2018 also. The financial statements for the year 2018 have been restated to give effect to provision for taxation for the said years -

- It was identified by the management that since the Regional Revenue & Customs Office, Ministry of Finance, Bhutan has carried out a tax assessment and quantified taxes to the tune of Nu 3.88 million for the preceding Financial Years ending 2014 to 2017, the Financial Statements for the year 2018 has been restated to the extent of such provision adjusted with opening balance of Retained Earning as on January 012018.
- It was further identified by the management that in accordance with the tax assessment as referred above, the provision of taxation for the Financial Year 2018 is made out of the profits of that year and restated in the Financial Statements for the year 2018.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the standalone financial statement financial year ended December 31 2019. These matters were address in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to the key audit matters to be communicated in our report. We have fulfilled the responsibility described in the Auditor's responsibilities for the audit of standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the standalone financial statements. The result of our audit procedure, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying the standalone financial statements.

Other Matters

Attention is drawn to the fact that the comparative figures for the year ended December 31 2018 which have been restated to give effect to the provision of taxation for the preceding years as explained above. Our opinion is not modified in respect of the above matter.

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



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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.

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 skepticism throughout the audit. We also:

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



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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:



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- 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;
- In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- The Statement of Financial Position, Statement of Comprehensive Income and Other Comprehensive Income, the Statement of changes in Equity and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account.
- In our opinion, the company has complied with other legal and regulatory requirements.

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

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

CHARTERED ACCOUNTANTS
FRN: 316030E

Place: Thimphu

Date: January 31 2020



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

UDIN: 20054632AAAAAU9315

G. S. Hora & Associates
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THIMPHU TECHPARK LIMITED
THIMPHU ♦ BHUTAN
2019

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT

ANNEXURE 1

General

- 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.
- 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.
- In our opinion, financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- In our opinion, proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- In our opinion, adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- 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.
- According to the information and explanations given to us by the management, the company is under Tax Holiday and for taxable income, tax has been computed by the management.

In the case of Service Industry

- The Fixed Assets Register not maintained. 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.
- 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



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

- 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.
- 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.
- 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.
- 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.
- In our opinion and as per information and explanations given to us, there is a reasonable system of obtaining competitive biddings/spot 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.
- (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.
- According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the account other than those payable under the contractual obligation/in accordance with generally accepted practice.



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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 further as per information and explanations given to us, we believe that the provision for taxation on taxable income seems to be adequate.
11. Based upon the information and explanations given to us and as per our verification, there was no undisputed amount except Income Tax which is payable in respect of rates, taxes, duties, provident funds and other statutory deductions at the last day of the Financial Year. As informed, the company has restated the financial statements for the year 2018 to the tune of Nu 3.88 million by making provision for taxation relating to arrears of taxation for FY's 2014 to 2017 which is yet to be paid. The company has further made a provision of Nu 0.89 million by restating the financial statements for FY 2018 against which payment is yet to be made.
12. In our opinion, the system of follow up with debtors and other parties for recovery of outstanding dues is reasonable. 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 1.19 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.



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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

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 per information provided to us, the back-up facilities are additionally kept in Microsoft Cloud Service platform to serve the requirement of storing them at separate location.
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 December 31 2019 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



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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:

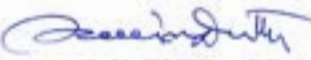
The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statement as produced to us by the management. In the course of audit we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation 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.

FOR AND ON BEHALF OF

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

Place: Thimphu
Date: January 31 2020




(S. K. DUTTA: FCA)
PARTNER
M. NO. 54632

Thimphu TechPark Limited

Financial Statements 2019

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- d. Statement of Cash Flows for the year ended December 31,2019
- e. Notes forming Part of the Financial Statement.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

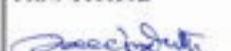
THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF FINANCIAL POSITION

Particulars	Note	As at 31-Dec-2019	As at 31-Dec-2018
ASSETS			
NON-CURRENT ASSETS			
Investment Property	1.1	346,877,691	303,062,287
Property, Plants & Equipment	1.2	49,898,872	10,887,932
Capital Work-in-Progress	1.3	-	46,764,942
Intangible Assets	1.4	10,837	18,625
Total Non-Current Assets		396,787,400	360,733,787
CURRENT ASSETS			
Financial Assets			
Trade & Other Receivables	1.5	9,953,811	2,730,173
Cash and Cash Equivalents	1.6	8,478,890	7,251,619
Other Current Assets	1.7	205,949	14,604,665
Total Current Assets		18,638,650	24,586,457
TOTAL ASSETS		415,426,050	385,320,244
EQUITY AND LIABILITIES			
Equity	1.8		
Share Capital		223,090,900	222,904,500
Retained Earnings		(3,260,019)	2,873,421
Fair Value Changes in Investment Property		40,508,390	33,462,490
TOTAL EQUITY		260,339,271	259,240,411
LIABILITIES			
NON-CURRENT LIABILITIES			
Other Non-Current Financial Liabilities	1.9	41,282,268	15,151,086
Other Non-Current Liabilities	1.10	97,588,476	98,297,074
Deferred Tax Liabilities	1.11	149,475	109,407
Total Non-Current Liabilities		139,020,219	113,557,567
CURRENT LIABILITIES			
Trade & Other Payables	1.12	807,063	1,031,033
Other Current Financial Liabilities	1.13	5,777,309	5,213,338
Other Current Liabilities	1.14	4,290,592	1,507,213
Provision for Income Tax	1.15	5,191,595	4,770,682
Total Current Liabilities		16,066,559	12,522,265
Total Equity & Liabilities		415,426,050	385,320,244

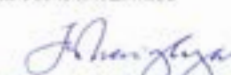
* The Accompanying notes form an integral part of the standalone financial statements

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: January 31 2020
UDIN: 20054632AAAAAU9315

For Thimphu TechPark Limited


Jigme Thinley Namgyal
Chairman

Tshering Cigay Dorji
Chief Executive Officer


Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

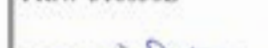
THIMPHU TECHPARK LIMITED, THIMPHU
STATEMENT OF COMPREHENSIVE INCOME & NON-COMPREHENSIVE INCOME

Particulars	Note	Year Ended 31-Dec-19	Year Ended 31-Dec-18
COMPREHENSIVE INCOME			
Revenue from Operations	1.16	37,772,457	34,951,731
Finance Income	1.17	-	766,413
Other Income	1.18	409,780	858,816
Total Income		38,182,237	36,576,960
EXPENSES			
Employee Benefits	1.19	14,165,980	6,714,256
General Administration Expenses	1.20	15,644,188	15,698,828
Depreciation	1.2	2,412,427	1,570,973
Amortization	1.4	7,788	12,202
Finance Cost	1.21	2,714,313	1,628,214
Total Expenses		34,944,696	25,624,473
PROFIT BEFORE TAX		3,237,541	10,952,486
Income Tax (Current Year)	1.22	(420,913)	(893,249)
Deferred Tax	1.22	(40,068)	(109,407)
PROFIT AFTER TAX		2,776,560	9,949,830
OTHER COMPREHENSIVE INCOME			
Fair Value Changes on Investment Property, Net	1.23	7,045,900	9,729,478
PROFIT/(LOSS) FOR THE YEAR		9,822,460	19,679,308
Earning Per Equity Share	1.24		
Basic and Diluted Earnings per Share		4.41	9.28

* 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

For Thimphu TechPark Limited

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

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


Place: Thimphu

Date: January 31 2020

UDIN: 20054632AAAAAU9315


Jigme Thinley Namgyal
Chairman

Tshering Cigay Dorji
Chief Executive Officer


Thimphu TechPark Limited

(All figures in Bhutanese Ngultrum 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 01 2019	22,29,04,500	28,73,421	3,34,62,490	25,92,40,411
Changes in equity for the year ended December 31 2019	-	-	-	-
Dividend declared for the income year 2018	-	(89,10,000)	-	(89,10,000)
Increase in Share Capital on account of issue of equity shares	1,86,400	-	-	1,86,400
Profit for the period	-	27,76,560	70,45,900	98,22,460
Balance as of December 31 2019	22,30,90,900	(32,60,019)	4,05,08,390	26,03,39,271

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 01 2018	22,29,04,500	(31,98,976)	2,37,33,012	24,34,38,536
Provision for Income Tax for the Financial Year from 2014 to 2017	-	(38,77,433)	-	(38,77,433)
Changes in equity for the year ended December 31 2018	-	-	-	-
Profit for the period	-	99,49,830	97,29,478	1,96,79,308
Balance as of December 31 2018	22,29,04,500	28,73,421	3,34,62,490	25,92,40,411

Details of Shareholders	As at December 31 2019	As at December 31 2018
Name of the Shareholder	% of Holding	% of Holding
Druk Holding & Investments Limited	100%	100%
Total	100%	100%

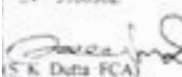
Reconciliation of Number of Shares

Particulars	As at December 31 2019		As at December 31 2018	
	No of Shares	Amount	No of Shares	Amount
Druk Holding & Investments Limited	22,30,909	22,30,90,900	22,29,045	22,29,04,500
Total	22,30,909	22,30,90,900	22,29,045	22,29,04,500

In terms of our separate report attached herewith
FOR AND ON BEHALF OF:

For Thimphu Techpark Limited

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


S.K. Dutta FCA
Partner
Membership No. 054632


Jigme Thinley Namgyal
Chairman


Chensha Rigpa Dorji
Chief Executive Officer

Place: Thimphu
Date: January 31 2020

Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

Statement of Cash Flows for the year ended 31 December 2019

Particulars	For the year ended 31st December, 2019		For the year ended 31st December, 2018	
A. Cash flow from Operating Activities	(All figures are in Nu)			
Net Profit / (Loss) before tax		3,237,541		10,952,48
<u>Adjustments for:</u>				
Depreciation and amortization	2,420,215		1,583,175	
Interest income	-		(766,413)	
Finance Cost	2,714,313	5,134,528	1,628,214	2,444,97
Operating profit / (loss) before Working Capital changes		8,372,069		13,397,46
<u>Changes in Working Capital:</u>				
<u>Adjustments for (increase) / decrease in Operating Assets:</u>				
Trade Receivables	(7,223,638)		411,999	
Other Current Assets	14,398,716		(13,931,516)	
<u>Adjustments for increase / (decrease) in Operating Liabilities:</u>				
Other Current Liabilities	2,783,378		26,269	
Other Non-Current Liabilities	(708,598)		(809,585)	
Trade Payables	(223,969)	9,025,889	(1,133,155)	(15,435,988)
Cash generated from operations		17,397,958		(2,038,526)
Net cash flow from / (used in) Operating Activities (A)		17,397,958		(2,038,526)
B. Cash flow from Investing Activities				
Capital expenditure on Property Plant and Equipment	(41,423,366)		(1,265,372)	
Capital expenditure on Investment Property	(36,769,504)		(284,400)	
Capital expenditure on Capital Work-in-Progress	46,764,942		(45,643,361)	
Interest Received			766,413	
Net cash flow from / (used in) Investing Activities (B)		(31,427,929)		(46,426,720)
C. Cash flow from Financing Activities				
Repayment of Long Term Borrowings	26,695,154		(3,191,275)	
Increase in Share Capital	186,400		-	
Dividend declared for the Income Year 2018	(8,910,000)		-	
Finance cost	(2,714,313)		(1,628,214)	
Net cash flow from / (used in) Financing Activities (C)		15,257,241		(4,819,489)
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)		1,227,270		(53,284,735)
Cash and Cash Equivalents at the beginning of the year		7,251,619		60,536,35
Cash and Cash Equivalents at the end of the year		8,478,890		7,251,61
Cash and Cash Equivalents at the end of the year (Refer Note 1.6)				
* Comprises:				
(a) Cash on hand		6,061		17,70
(b) Balances with banks				
(i) In current accounts		8,472,829		7,233,91
		8,478,890		7,251,61

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: January 31 2020

For Thimphu TechPark Limited

Jigme Thinley Namgyal

Chairman

Chensha Rigpa Dorji

Chief Executive Officer

Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

A. NOTES FORMING THE PART OF THE FINANCIAL STATEMENTS

Note 1.1 Investment Property

Particulars	As at December 31, 2019	As at December 31, 2018
Building	343,613,425	299,646,543
Day Care Centre	3,264,267	3,415,745
Total	346,877,691	303,062,287

Note 1.3 Capital Work-in-Progress

Particulars	As at December 31, 2019	As at December 31, 2018
Construction of New Building	-	46,764,942
Total	-	46,764,942

Note 1.5 Trade Receivables

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Unsecured, Considered Good	9,953,811	2,730,173
Total	9,953,811	2,730,173

Note 1.6 Cash & Cash Equivalents

Particulars	As at December 31, 2019	As at December 31, 2018
Balances with Banks		
In Current Accounts		
Bank of Bhutan Ltd (A/c No 100925841)	5,266,935	7,060,979
Bhutan National Bank (A/c No 0100032525001)	1,572,287	83,802
Druk PNB Bank Ltd (A/c No 110210004440)	1,633,607	89,130
Cash in Hand	6,061	17,708
Total	8,478,890	7,251,619

Note 1.7 Other Current Assets

Particulars	As at December 31, 2019	As at December 31, 2018
Prepaid Expenses	178,879	182,368
Advance to M/s. CDCL	-	14,356,639
Salary Advance	25,179	59,500
Interest Accrued on Fixed Deposits	-	6,158
TDS Receivables	1,891	-
Total	205,949	14,604,665



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

Note 1.9 Other Non-Current Financial Liabilities

Particulars	As at December 31, 2019	As at December 31, 2018
Long Term Borrowings:		
Bank of Bhutan Limited	9,266,327	14,148,898
National Pension & Provident Fund	32,015,941	1,002,183
Total	41,282,268	15,151,086

Note 1.10 Other Non-Current Liabilities

Particulars	As at December 31, 2019	As at December 31, 2018
Lease Security Deposit	93,600,006	94,755,561
Security Deposit	2,778,650	2,581,088
Gratuity	1,209,820	960,425
Total	97,588,476	98,297,074

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

Note 1.11 Deferred Tax Liabilities

Particulars	As at December 31, 2019	As at December 31, 2018
Opening Deferred Tax Liability	109,407	-
Deferred Tax Expenses During the Year	40,068	109,407
Closing Deferred Tax Liability	149,475	109,407

Note 1.12 Trade & Other Payables

Particulars	As at December 31, 2019	As at December 31, 2018
Current		
Unsecured, Considered Good	807,063	1,031,033
Total	807,063	1,031,033

Note 1.13 Other Current Financial Liabilities

Particulars	As at December 31, 2019	As at December 31, 2018
Lease Security Deposit (Current)	1,155,555	1,155,555
Current Maturities of Long-Term Debt	4,481,427	4,057,783
Guarantee Fees Payable	140,327	-
Total	5,777,309	5,213,338



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

Note 1.14 Other Current Liabilities

Particulars	As at December 31, 2019	As at December 31, 2018
Provisions for:		
Employee Benefit	4,163,203	1,507,213
Retention Money Payable	127,389	-
Total	4,290,592	1,507,213

Note 1.15 Provision for Income Tax

Particulars	As at December 31, 2019	As at December 31, 2018
Income Tax For:		
Financial Year 2014	913,624	913,624
Financial Year 2015	56,532	56,532
Financial Year 2016	833,694	833,694
Financial Year 2017	2,073,583	2,073,583
Financial Year 2018	893,249	893,249
Financial Year 2019	420,913	-
Total	5,191,595	4,770,682

Note 1.16 Revenue from Operations

Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Commercial Space	15,265,550	17,073,075
BITC Space	2,201,050	2,238,600
Internet Leased Line	-	3,560,550
Power Charges from Tenants ^{*1}	2,982,474	3,116,989
Training & Event Program ^{*2}	6,358,191	7,806,962
Lease Rental Income ^{*3}	1,155,555	1,155,555
Information Technology Service	9,809,637	-
Total	37,772,457	34,951,731

^{*1} **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.

^{*2} **Training & Events 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.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

During the year, 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.

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.

^{*1} **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 1.17 Finance Income

Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Interest on Fixed Deposits	-	766,413
Total	-	766,413

Note 1.18 Other Income

Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Balance Written Off	-	800,000
Prior Period Income	43,974	-
Late Rental & Other Fees	237,283	58,816
Others	128,523	-
Total	409,780	858,816



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

Note 1.19 Employee Benefits

Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Personnel Cost _ Internship Fees	30,000	5,000
Personnel Cost _ Salary	8,087,417	4,225,328
Personnel Cost _ Provident Fund (Employer's Contribution)	709,246	309,227
Personnel Cost _ Employees' Benefits		
a. Employees; Bonus	1,028,764	503,781
b. Performance Based Variable Allowance	1,040,465	390,279
c. Leave Encashment	812,459	82,580
d. Leave Travel Concession	307,790	166,456
e. Gratuity	1,209,820	960,425
f. Staff Uniforms	76,520	71,180
g. Grants	288,151	-
h. Travel Allowance	392,133	-
i. Carriage Charges	183,215	-
Total	14,165,980	6,714,256

Note 1.20 General Administration Expenses

Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
A. Administration Expenses		
Audit Fees	63,250	63,250
Audit Expenses	126,936	119,441
Bank Charges	2,542	1,700
Board Director/CS Training Expenses	376,539	354,131
Brand & Management Expenses	141,639	207,531
Car Fuel Expenses	150,000	120,000
Consultancy Expenses	282,308	88,150
Corporate Social Responsibility	241,083	140,000
Donations	100,909	76,590
Fees & Subscription	31,470	15,830
Hospitality & Entertainment Expenses	188,931	151,415
House Keeping Expenses	103,694	84,990
Land Leased	217,800	217,800
Membership Fees	49,292	52,326
Profit Sharing to DITT for BITC	-	371,518
Staffs' Training Expenses	786,680	222,199
Training & Travel Expenses	4,713,069	3,971,669
B. Meeting Expenses		
Board Sitting Fees	434,000	286,000
Board Committee Sitting Fees	98,000	20,000
Board Meeting Expenses	48,571	127,384

Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

Board Committee Meeting Expenses	1,380	-
C. General Insurance		
Building Insurance	147,840	147,840
Car Insurance	38,792	36,873
D. Utility Expenses		
DG Fuel Expenses	25,588	84,564
Electricity Charges to BPC	3,619,991	3,652,427
Email Hosting & Microsoftonline 365	58,539	56,528
Internet Leased Line Expenses	-	3,540,775
Internet, Telephone & Fax Charges	248,704	107,007
Water Charges	6,850	-
E. Office Expenses		
Gifts & Present	44,100	21,097
Miscellaneous Office Expenses	413,485	82,340
Office Annual Rimdro	70,000	70,000
Postage Expenses	3,680	4,700
Printing & Stationery	124,175	115,946
F. Travelling & Conveyance Expenses		
Travel Expenses _ Local	156,706	46,380
Travelling Exp. for Staff Training	-	22,641
G. Repair & Maintenance		
Building Maintenance	197,355	167,979
Car Maintenance	134,415	99,945
DG Maintenance	81,724	40,646
Electrical System Maintenance	454,144	29,093
Fire Protection System Maintenance	-	50,181
Garden Maintenance	42,050	11,406
Computer, Accessories and Equipment Maintenance	26,675	19,600
Landscape Maintenance	51,780	22,328
Plumbing System Maintenance	413,234	65,817
HVAC and Heating System Maintenance	281,624	30,205
Sewage Treatment Plant Maintenance	9,240	44,370
Maintenance of Day Care Center	1,500	2,650
H. Marketing & Promotion		
Advertisement (Domestic)	111,621	105,732
Advertisement (Targeting for International Investor)	241,693	46,750
Advertisement (International Marketing)	413,300	220,114
Advertisement (Others)	40,865	-
K. Prior Period Adjustment		
Prior Period Expenses	26,424	60,972
Total	15,644,188	15,698,828

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

Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

Note 1.21 Finance Cost		
Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Interest on Borrowings	2,573,986	1,627,958
Corporate Guarantee Fee	140,327	256
Total	2,714,313	1,628,214

Note 1.22 Income Tax Expenses		
Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Income Tax for the Current Year	420,913	893,249
Deferred Tax	40,068	109,407
Total	460,981	1,002,657

Note 1.23 Fair Value Changes on Investment Property, Net		
Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Gain from change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	7,045,900	9,729,478
Total	7,045,900	9,729,478

Note 1.24 Earning Per Share ("EPS")
The Company presents the basic and diluted EPS data for its ordinary shares. Basic EPS is computed by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is computed by adjusting the net profit for the year attributable to the ordinary shareholders and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Note 1.24 Earning Per share		
Particulars	For The year ended of 31 December, 2019	For The year ended of 31 December, 2018
Realised Earning for the year	9,822,460	19,679,308
Weighted Average No. of Equity Shares	2,229,822	2,229,045
Basic EPS from continuing operation for the Year	4.41	8.83
Diluted EPS from continuing operation for the Year	4.41	8.83



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

Note 1.2 Property, Plant & Equipment									
Particulars	Gross Block			Depreciation			Net Block		
	Opening	Additions	Deletions	Opening	Additions	Deletions	As at 31.12.2019	As at 31.12.2018	
Plant & Machinery	14,391,054	0.00	0.00	14,391,054	1,078,637	0.00	6,481,048	7,559,685	
Furniture & Fixture	579,635	2,051,413	0.00	2,631,049	149,841	0.00	2,382,261	480,689	
Office Equipment	474,916	733,409	0.00	1,208,325	180,409	0.00	358,200	850,125	
Computer & Accessories	1,491,111	1,505,847	0.00	2,996,958	342,071	0.00	993,098	2,003,859	
Motor Vehicles	2,179,365	0.00	0.00	2,179,365	207,040	0.00	820,805	1,358,560	
Store Room	147,800	0.00	0.00	147,800	9,853	0.00	12,904	134,896	
Building - Block: II	0.00	37,132,697	0.00	37,132,697	444,575	0.00	444,575	36,688,122	
Total Property, Plant & Equipment	19,263,881	41,423,367	0.00	60,687,248	2,412,426	0.00	49,898,873	10,887,933	
Note 1.4 Intangible Assets									
Particulars	Gross Block			Amortization			Net Block		
	Opening	Additions	Deletions	Opening	Additions	Deletions	As at 31.12.2019	As at 31.12.2018	
Software	197,903	0.00	0.00	197,903	7,788	0.00	187,065	18,626	
Total Intangibles Assets	197,903	0.00	0.00	197,903	7,788	0.00	187,065	18,626	

Depreciation of 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 2019 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 2019.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

B. SIGNIFICANT ACCOUNTING POLICIES OF THIMPHU TECHPARK LIMITED

1. Reporting Entity or General Information

Thimphu TechPark Ltd. is a 100% DHI Owned Company. It was initially incorporated on 24 August 2009 as a joint venture between Assetz Property Group (APG) of Singapore owning 74% and DHI owning 26%, to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) Bhutan's first IT Park. The IT Park started its commercial operations on 7th May 2012. In October 2014, DHI assumed full ownership of TTPL after APG decided to exit from the partnership and transferred its shares to DHI.

TTPL is established to provide opportunities for innovation and development, and promoting the growth of IT industry in Bhutan. Currently, the Park hosts data centre, domestic companies dealing with IT and international IT/ITES companies (Sean Cafe from the USA, ZOOP from Canada, SELISE from Switzerland, MultiRational from Australia, Southtech from Bangladesh and Data Scientists from Australia etc.) employing more than 600 people. TTPL has also an incubation centre for entrepreneurs with furnished workstation. TTPL also provides with incubation facilities to foreign companies to run a pilot operation to test the opportunities offered by Bhutan.

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.

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 year ended 31 December 2019.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

2. Basis of preparation

The financial statements of the Company have been prepared in accordance and to comply with Bhutanese Accounting Standards (BAS) and the relevant provisions of The Companies Act of Kingdom of Bhutan 2016 including the Accounting Standard Rules for Companies in Bhutan, 2012.

The said financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements. The preparation of the Financial Statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. 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. Income on training is recognized as and when it is conducted throughout the year. Information Technology Service relates to service contracts entered into by TTPL with various companies for providing them service relating to the field of Information Technology.
- **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, 2019. 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.



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

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, 2019, the comparative information presented in these financial statements for the year ended 31 December, 2018. 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 business of the company is to provide premises on rent. However, as per the DHI road map, the company is taking steps to evolve as an IT services provider. Anyhow, 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 Block I (Old Building) and Day Care Center too has been done alike previous financial years. The Building Block II has been completed during the financial year 2019 and shall be utilized for the purpose of TTPL's office and leasing out to prospective tenants. Based upon the intent and usage of the premises by TTPL, the cost of the property has been segregated into Investment Property (IP) for the area from which rental income is proposed to be earned and under Property, Plant & Equipment (PPE) for the area which shall be occupied by the management for its own office. AS per the BAS, part flows under IP has been done revaluation alike other two buildings and depreciated the PPE. Revaluation is done by M/s. Construction Development Corporation Limited as of 31st December, 2019.

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.

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.



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

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:

SI No.	Assets	Useful Life
1	Plant & machinery, Motor Vehicle and other equipment	5 - 20 years
2	Furniture and fixtures	7 - 10 years
3	Computers, Accessories and office equipment	3 - 7 years
4	Building & Civil Structure - Permanent	30 - 40 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.



Thimphu TechPark Limited*(All figures are in Bhutanese Ngultrum ('Nu') 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 or Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and which are subject to an insignificant risk of changes in value.

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 June 20 2013 to June 20 2028 vide letter No. **RRCO/TH/Tax/Tax Holiday/Incentives/18/2018/124** dated July 13 2018 from June 202018 to June 20 2023 and same may be extended till June 2028. However, in the year 2019, the Regional Revenue & Customs Office, Ministry of Finance, Bhutan conducted tax assessment on the company and demanded taxes to the tune of Nu 3.88 million vide Demand Notice No. **RRCOTH-TAX/CIT/87/2019/767** dated January 02 2019. Since, the department has confirmed the demand and subsequently also rejected the appeal filed by TTPL on several occasions, the company has preferred to make provision of tax of Nu 3.88 million for the Financial Years ending March 31, 2014 to 2017 by restating the Financial Statement for the year 2018 and reducing the same with the opening balance of the Retained Earnings as on January 01 2018. TTPL has also restated the financial statements for the year 2018 to make provision for taxation for the said year.

**Thimphu TechPark Limited***(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)*

Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on net basis. Management evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

The income tax liabilities are recognized when, despite the Company's belief that its income tax return positions are supportable, the Company believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities. Benefits from tax positions are measured at the single best estimate of the most likely outcome.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes available which causes the Company to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made.

Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax charge for the year in which the assessment is completed.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

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.

15. Employee Benefits

a. Retirement Benefits

The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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.



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

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.

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. Comparative information

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



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

2. Disclosure

2.1 Auditor's Remuneration

For the year ended December, 31		
Particulars	2019	2018
Statutory Audit Fees	63,250.00	63,250.00
Other Audit Expenses	126,936.00	119,441.00
Total Amount [in Nu.]	190,186.00	182,691.00

2.2 Key Management Personnel ('KMP')

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director whether executive or otherwise. Key management personnel of the company for the purpose of disclosure of compensation include the Chief Executive Officer as required by the Companies Act of the Kingdom of Bhutan 2016.

a. Summary of compensation paid to the KMP (Chief Executive Officer):

For the year ended December, 31		
Particulars	2019	2018
Salary & Allowance	1,525,861.47	1,182,502.80
Other Benefits (LTC)	431,095.24	413,751.00
Provident Fund Contribution	112,268.00	91,025.22
Sitting Fees	120,000.00	68,000.00
Total Amount [in Nu.]	2,189,224.71	1,755,279.02

As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP are not included above.

b. Directors' Sitting Fees (Exclusive of CEO)

412,000.00	218,000.00
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c. List of Directors

1. Mr. Jigme Thinlye Namgyal, Chairman, w.e.f 4th March, 2016, Active Member.
2. Dr. Tshering Cigay Dorji, Director and CEO, w.e.f November, 2014, Active Member.
3. Mr. Karma Tshewang, Director, w.e.f 4th March, 2017, Active Member.
4. Mr. Dorji Khandu, Director, w.e.f 13th June, 2017 & resigned on 15th April, 2019
5. Mr. Karpo Tshering, Director, w.e.f 4th March, 2019, Active Member.
6. Mr. Ujjwal Deep Dahal, Director, w.e.f 29th July, 2019, Active Member.

Reimbursement of expenses incurred by related parties for and behalf of the Company and vice-versa, and the related outstanding amounts have not been included in the above disclosures



Thimphu TechPark Limited

(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

3. Related Party Disclosure

i. Transaction with Group Companies

SI#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Transaction Amount [in Nu.]	Receivable/ (Payable) in Nu
1	Bhutan Board Products Limited (BBPL)	Fellow Subsidiary	a. Purchase Furniture, fixtures, computers and office equipment	13,171.00	-
2	Bank of Bhutan Limited (BOBL)	Fellow Subsidiary	a. Balance (as per Books) as of 31.12.2019 b. Borrowings - current & noncurrent c. Interest on loans paid d. Bank Charges and fees	 5,266,934.55 1,360,233.22 2,542.15	 (13,747,754.71) -
3	Bhutan Power Corporation Limited (BPCL)	Fellow Subsidiary	a. Electricity Charges b. Service Revenue (SAP AMC Cost)	3,619,991.00 2,127,500.00	(417,690.00) 1,063,750.00
4	Bhutan Telecom Limited (BTL)	Fellow Subsidiary	a. Communication, internet and telephone charges b. Service Revenue (SAP AMC Cost) c. Rental Income	173,685.26 1,523,783.34 116,412.13	(22,147.00) 1,523,783.34 8,415.78
5	Construction Development Corporation Limited (CDCL)	Fellow Subsidiary	a. Investment Property b. Inter Group Miscellaneous Expenses c. Inter Group Consultancy Fees d. Miscellaneous Income (Training & others fees)	71,130,691.43 260,530.64 25,000.00 25,000.00	- - (25,000.00) -
6	Dungsum Cement Corporation Limited (DCCL)	Fellow Subsidiary	b. Service Revenue (SAP AMC Cost)	648,517.50	341,325.00
7	Dungsum Polymer Limited (DPL)	Fellow Subsidiary	a. Miscellaneous Income (Training & others fees) b. Service Revenue (SAP AMC Cost)	36,000.00 139,428.33	36,000.00 139,428.33
8	Druk Green Power Corporation Limited (DGPC)	Fellow Subsidiary	a. Miscellaneous Income (Training & others fees) b. Service Revenue (SAP AMC Cost) c. Furniture, fixtures, computers and office equipment	442,800.00 1,096,433.34 359,891.71	- 1,096,433.34 -
9	Druk Air Corporation Limited (DACL)	Fellow Subsidiary	a. Flight tickets and other services b. Miscellaneous Income (Training & others fees)	183,234.00 25,000.00	- -



Thimphu TechPark Limited			(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)	
10	Druk Holding & Investments. (DHI)	Holding Company	a. Equity Shares held by DHI	223,090,903.00 -
			b. Intergroup Corporate Guarantee Fees	140,327.05 (140,327.05)
			c. Inter group Brand management Fees	141,638.75 -
			d. Service Revenue (SAP AMC Cost)	242,535.00 -
			e. Miscellaneous Income (Training & others fees)	98,000.00 -
11	Natural Resources Development Corporation Limited (NRDCL)	Fellow Subsidiary	a. Service Revenue (Digitalization of NRDC Project)	997,500.00 997,500.00
			b. Miscellaneous Income (Training & others fees)	30,000.00 -
12	State Mining Corporation Limited (SMCL)	Fellow Subsidiary	a. Miscellaneous Income (Training & others fees)	45,000.00 -
13	State Trading Corporation of Bhutan Limited (STCBL)	Fellow Subsidiary	a. Furniture, fixtures, computers and office equipment	90,039.00
			b. Running & Maintenance Of Vehicle-Intergroup	33,820.00
			c. Miscellaneous Income (Training & others fees)	15,000.00
14	Wood Craft Center Limited (WCCL)	Fellow Subsidiary	a. Miscellaneous Income (Training & others fees)	15,000.00
			b. Furniture, fixtures, computers and office equipment	61,488.00
			c. Inter Group Miscellaneous Expenses	7,879.00



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

4. Other Notes to Accounts

Actuarial Valuation Reports - Defined Benefit Plans

Valuation in respect of Gratuity has been carried out by independent actuary, M/s. Druk Infinity Consulting (Consultant), Bhutan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured.

1. Rationale for actuarial assumptions and professional opinion

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits". Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of TTPL and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19.

1.1 Discount rate

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds shall be used. The currency and term of bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

Neither of the recommended benchmarks for discount rate is available in the market. Therefore, in consultation with TTPL, a discount rate of 8.5% has been used consistent with discount rate used by other entities and in line with interest rate on savings in current market which stands at 8% for terms exceeding five years.

1.2 Salary growth rate

As per para 84 of BAS 19, "estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market." A salary growth rate of 10% has been assumed for this valuation.

1.3 Mortality rate

In valuing benefits of small schemes, it is general practice to use mortality rates of larger population. As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2006-08.

1.4 Employee turnover rate

The employee turnover rate used in the valuation was prescribed by TTPL based on their past experience and future expectation.



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

Disclosure as per BAS 19, 'Employees Benefit' for defined benefit scheme

A. 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.

1. The key valuation results as at 31st December 2019 are summarized in the following tables.

Statement of financial position

in Nu.	31-Dec-2019	31-Dec-2018
Present value of defined benefit obligation	4,182,606	1,277,335
Fair value of plan assets	2,972,786	316,910
Net defined benefit asset/(liability)	(1,209,820)	(960,425)

Expenses recognized in:

in Nu.	31-Dec-2019	31-Dec-2018
(a) Statement of profit or loss	737,796	63,191
(b) Other comprehensive income	2,413,774	897,224



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

2. Basis of valuation

a. Key features of the plan

Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit ceiling (Nu.)	None
Benefit formula	Reference salary x service years

Note:

* retirement age for contract employees depends on their contract term

b. Membership data

Summary statistics of membership data

	% change	31-Dec-2019	31-Dec-2018
Members considered for valuation	112%	36	17
Average age (years)	2%	33.75	33.24
Monthly salary (Nu.)	Average 79%	27,902	15,599
	Total 279%	1,004,479	265,178
Past service (years)	Average 26%	4.22	3.35
	Total 167%	152	57

c. Actuarial assumptions

Financial assumptions

Parameter	31-Dec-19	31-Dec-18
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-19	31-Dec-18
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

B. Leave Encashment Liability

As per the Service Rule of the company, 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 forty (40) 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.

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.

1. The key valuation results as at 31st December 2019 are summarized in the following tables.

Statement of financial position

in Nu.	31-Dec-2019	31-Dec-2018
Present value of defined benefit obligation	1,067,769	446,697
Fair value of plan assets	-	-
Net defined benefit asset/(liability)	(1,067,769)	(446,697)

Expenses recognized in:

in Nu.	31-Dec-2019
(a) Statement of profit or loss	647,981
(b) Other comprehensive income	103,207



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

2. Basis of valuation

2.1 Key features of the plan

Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit ceiling	90 days
Benefit formula	Reference salary x (accrued leave / 30)

Note:

* retirement age for contract employees depends on their contract term

2.2 Membership data

Summary statistics of membership data

	% change	31-Dec-2019	31-Dec-2018
Members considered for valuation	112%	36	17
Average age (years)	2%	33.75	33.24
Monthly salary (Nu.)	Average 79%	27,902	15,599
	Total 279%	1,004,479	265,178
Leave accrued	Average -4%	28.29	29.58
	Total 103%	1,018	503

2.3 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-19	31-Dec-18
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-19	31-Dec-18
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

C. Travel Allowance Liability

1. The key valuation results as at 31st December 2019 are summarized in the following tables.

Statement of financial position

in Nu.	31-Dec-2019
Present value of defined benefit obligation	263,446
Fair value of plan assets	-
Net defined benefit asset/(liability)	(263,446)

Expenses recognized in:

in Nu.	31-Dec-2019
(a) Statement of profit or loss	110,664
(b) Other comprehensive income	118,714

2. Basis of valuation

2.1 Key features of the plan

Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	One month's basic pay

Note:

* retirement age for contract employees depends on their contract term

2.2 Membership data

Summary statistics of membership data

	% change	31-Dec-2019	31-Dec-2018
Members considered for valuation	112%	36	17
Average age (years)	2%	33.75	33.24
Monthly salary (Nu.)	Average 79%	27,902	15,599
	Total 279%	1,004,479	265,178
Past service (years)	Average 26%	4.22	3.35
	Total 157%	152	57

2.3 Actuarial assumptions
Financial assumptions

Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ("Nu") unless otherwise stated)

Parameter	31-Dec-19	31-Dec-18
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-19	31-Dec-18
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%

D. Transfer Grants Liability

1. The key valuation results as at 31st December 2019 are summarized in the following tables.

Statement of financial position

in Nu.	31-Dec-2019
Present value of defined benefit obligation	263,446
Fair value of plan assets	-
Net defined benefit asset/(liability)	(263,446)

Expenses recognized in:

in Nu.	31-Dec-2019
(a) Statement of profit or loss	115,083
(b) Other comprehensive income	10,314

2. Basis of valuation

2.1 Key features of the plan

Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	One month's basic pay

Note:

* retirement age for contract employees depends on their contract term

2.2 Membership data

Summary statistics of membership data

Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

		% change	31-Dec-2019	31-Dec-2018
Members considered for valuation		112%	36	17
Average age (years)		2%	33.75	33.24
Monthly salary (Nu.)	Average	79%	27,902	15,599
	Total	279%	1,004,479	265,178
Past service (years)	Average	26%	4.22	3.35
	Total	167%	152	57

2.3 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-19	31-Dec-18
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-19	31-Dec-18
Mortality rate	100% of IALM (2006-2008)	
Employee turnover rate	5.00%	5.00%

E. Employees' Carriage Charges Liability

1. The key valuation results as at 31st December 2019 are summarized in the following tables.

Statement of financial position

in Nu.	31-Dec-2019
Present value of defined benefit obligation	176,523
Fair value of plan assets	-
Net defined benefit asset/(liability)	(176,523)

Expenses recognized in:

in Nu.	31-Dec-2019
(a) Statement of profit or loss	96,702
(b) Other comprehensive income	1,497



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

2. Basis of valuation

2.1 Key features of the plan

Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Distance * Rate per km as per RSTA

Note:

* retirement age for contract employees depends on their contract term

2.2 Membership data

Summary statistics of membership data

	% change	31-Dec-2019	31-Dec-2018
Members considered for valuation	112%	36	17
Average age (years)	2%	33.75	33.24
Monthly salary (Nu.)	Average	27,902	15,599
	Total	1,004,479	265,178
Past service (years)	Average	4.22	3.35
	Total	152	57

2.3 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-19
Discount rate	8.50%
Increase in carrier charges	5.00%

Demographic assumptions

Parameter	31-Dec-19
Mortality rate	100% of IALM (2006-2008)
Employee turnover rate	5.00%



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

2.4 Increase in cost of Carriage charge

As per paras 75 – 80 and para 88 of BAS 19, “actuarial assumptions reflect future benefit changes that are set out in the formal terms of a plan (or a constructive obligation that goes beyond those terms) at the end of the reporting period.” The increase in cost of Carriage charge in the future has been made consistent with the inflation expectation for Bhutan in the near future as forecasted by the International Monetary Fund (IMF).

5. Events after the reporting period

The dividend related to 2018 was declared on 1st April 2019 in accordance with the decision taken at the Annual General Meeting held on 4th March 2019. Shareholders approved the dividend of 4% of equity share aggregating to Nu. 8.91 Million.

No adjustments have been made for dividend payable to financials at this event has happened post reporting date. At the reporting date there were no evidences exited for dividend declaration.

Signatures to all above Notes of the Financial Statements for and on behalf of the Board of Directors



Thimphu TechPark Limited
(All figures are in Bhutanese Ngultrum ('Nu') unless otherwise stated)

THIMPHU TECHPARK LIMITED
2019
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	2019	2018
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Assets}}$	1.16	1.96
Quick Ratio	$\frac{\text{Quick Assets}}{\text{Quick Liabilities}}$	1.16	1.96
Debtors Turnover Ratio	$\frac{\text{Sales}}{\text{Sundry Debtors}}$	3.53	9.10
Total Expenses to Total Income Ratio	$\frac{\text{Total Expenses} \times 100}{\text{Total Income}}$	91.52	70.06
Net profit/(Loss) to Total income	$\frac{\text{Net Profit/(loss)} \times 100}{\text{Total Income}}$	7.27	27.20



COMPLIANCE CALENDAR&COMPLIANCECHECKLIST

COMPLIANCE CALENDAR OF THIMPHU TECH PARK LIMITED FOR THE FY 2019.

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 forms 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 13 th May, 2019 which was duly acknowledged by Dy. Registrar of Companies on 05 th September, 2019. However, the Annual Return was signed only by the CEO of the Company and not by any director.
2	Annual General Meeting	177		
a)	Listed Companies		On or before 30 th April	The Annual General Meeting was held on 04 th March, 2019.
b)	Unlisted Companies		On or before 30 th July	
c)	Government Companies			
3	Notice Calling General Meetings	185	21 days before the AGM	Notice was given on 11 th February, 2019.
4	Payment of Dividend	204	Within 30 days of declaration in AGM	Dividend was declared in Annual General Meeting held on 04 th March, 2019 and was paid within due date on 02 nd April, 2019.
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	251	Every AGM Notify the Registrar within 15 days from passing the resolution	Auditors have been re-appointed. Auditors have been re-appointed in the AGM held on 04 th March, 2019 out of panel of auditors maintained by RAA AG of Bhutan. The term of service is within 3 years. Not Applicable
	GCC & GC Reappointment Removal			
	Resignation	260-262	Convene the EGM within 14 days to discuss resignation.	
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the registrar	During the year, Mr. Dorji Khandu retired from the board. Further, Mr Karpo Tshering and Mr Ujwal Deep Dahal were appointed as directors during the year. Mr Karma Tshering resigned but reappointed during the year.
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 ten (10) Board Meetings were held during the year under audit. The quorum was duly maintained.
10	Appointment of CEO	210	Every 5 years	The Company has reappointed CEO with effect from 1 st December, 2019 without holding General Meeting.
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Not Applicable
12	Appointment of Company Secretary	213	As prescribed by MCA	The Company Secretary was appointed on 07 th November, 2019.
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 LTD.

2019

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 issued during the Financial Year 2019, Alteration of Article of Incorporation is required in consonance with Clause 15.1 read with Clause 10.1 of Article of Incorporation (AOI) of the Company.
2	47	Changes of name			✓	
3	123	Increase or consolidation of share capital		✓		Shares have been issued during the year under audit but no ordinary resolution has been passed as per sec 50(a) of The Companies Act of Bhutan, 2016 and Clause 10.1. of Articles of Incorporation (AOI) of the company.
4.	124	Reduction of share Capital			✓	
5.	82	License Copy and Share Certificate filing		✓		Share Certificates have not been issued for the fresh issue of equity shares to the tune of Nu 1,86,400
6.	107	Public Offer of Shares & Debentures – ROC Approval			✓	

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P-VII MANAGEMENT & ADMINISTRATION

7.	217s	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			✓	Already complied with BAS.
10	267	Annual return On or before 31 st May for listed; others 31 st July	✓			Annual Return for the year 2018 filed on 13 th May, 2019 and acknowledged by Registrar of Companies on 05 th September, 2019.
11	177	Annual General Meeting (Minutes)	✓			Last Annual General Meeting was held on 04 th March 2019.
12	180	Extraordinary General Meeting (Minutes)		✓		EGM should have been held during the year under audit. Kindly refer Sl. No 1 of this Checklist.
13	185	Notice for calling General Meeting –	✓			
	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)		✓		

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16	193	Ordinary and special resolutions (Minutes)	✓			
17	195	Minutes of Annual General Meeting and Board Meetings (Maintained ss 195-198)		✓		
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)	✓			10 board meetings
31	152	General powers of the board	✓			
32	156	Restriction of powers of Board	✓			

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33	210	Appointment of Chief Executive Officer		✓		Reappointment of Chief Executive Officer (CEO) has been done without holding general meeting.
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 7th November, 2019 by the Board of Directors.
39	161	Standards of care required by directors (Reckless decisions)	✓			As per our test checks and observations, we 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	✓			
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.

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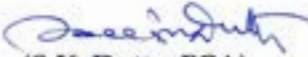


						However, emails were sent.
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For on behalf of **G.S. Hora & Associates**
Chartered Accountants
Firm's Reg. No.316030E

Place: Thimphu
Date: January 31 2020




(S.K. Dutta: FCA)
Partner
Membership No.54632

G. S. Hora & Associates
Chartered Accountants

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

THIMPHU TECHPARK LIMITED
MANAGEMENT REPORT
2019

1. Irregular declaration and payment of Dividend: (AIMS Category No.5.12.27)

Nu 8.91million was declared as dividend for the year 2018 in the AGM held on March 07 2019 computed at the rate of 4% of the Profit After Tax (PAT) of Nu. 10.95 million.

The company has been granted an initial Tax Holiday by the Department of Revenue and Customs for a period of 15 years from June 20 2013 to June 20 2028 vide letter No. **RRCO/TH/Tax/Tax Holiday/Incentives/18/2018/124** dated July 13 2018 from June 20 2018 to June 20 2023 and the same may be extended till June 2028. Accordingly, no provision was made in the Financial Years till 2017.

In the year 2019, the Regional Revenue & Customs Office, Ministry of Finance, Bhutan conducted tax assessment on the company and demanded taxes to the tune of Nu 3.88 million vide Demand Notice No. RRCOTH-TAX/CIT/87/2019/767 dated January 02 2019. Since the company preferred appeal on the tax demanded, the company considered the same to be Contingent Liability and reflected the same under Note No 20 to its Notes on Accounts. However, the tax department has confirmed the demand subsequently and passed order in negative against the appeal.

Since the tax has now been confirmed, there is a need to recast the financial statement for the year 2018 and also for earlier years. Following the recast of financial statements for the year 2018, the PAT shall be changed from Nu 10.95 million to Nu. 9.95 million and thus declaration of dividend at the rate 4% on PAT has been made in excessive.

Management's Response:

The dividend was declared based on available information at that point of time. Given that the company's operations have expanded recently to IT services and the shareholder would be injecting equity into the company to meet any shortfall of funds due to the expansion or the change in the tax liabilities, the auditors are requested to consider this issue as resolved.

Auditors' further comments:

The management has explained that they have declared the dividend based upon the information as available with them at the declaration. We recommend the company to get the same ratified in the ensuing Annual General Meeting and share a copy of minutes with us for our reference and record.



G. S. Hora & Associates
Chartered Accountants

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Accountability (fixing of Direct and Supervisory)

Direct	Name: Ms. Pema Lhamo Designation: Company Secretary Citizen ID No.: 10905004297
Supervisory	Name: Dr. Tshering Cigay Dorji Designation: CEO of the company Citizen ID No.: 11501001350

2. Other violation of Acts, Directives and Policies: (AIMS Category No.4.5.21)

Irregular Appointment of CEO

During the year 2019, CEO of the company has been reappointed without holding any General Meeting which is not in accordance with section 210 of The Companies Act of Bhutan, 2016.

Management's Response:

The companies owned by DHI follow DHI Guidelines for CEO Selection and Appointment which were prepared in line with the laws of the country. TTPL is not an exception. The re-appointment of the CEO was done based on the decision of the DHI Nomination and Governance Committee and the subsequent approval letter received from DHI bearing the letter No.DHI/BOARD/2018/785 dated 25th December 2018. Since DHI is the only shareholder of the company, an extraordinary general meeting was not called to confirm his re-appointment.

Therefore, the auditors are requested to consider this issue as resolved.

Auditors' further comments:

We recommend the company to ratify the appointment of CEO in the ensuing AGM and share a copy of the minutes for our reference and record.

Accountability (fixing of Direct and Supervisory)

Direct	Name: Ms. Pema Lhamo Designation: Company Secretary Citizen ID No.: 10905004297
Supervisory	Name: Mr. Jigme Thinlye Namgyal Designation: Board Chairman Citizen ID No.: 10907000378



G. S. Hora & Associates
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3. Improper maintenance of Fixed Asset register: (AIMS Category No.5.3.15)

It is informed that Fixed Asset register is not maintained by the company. Further, no working sheets have been maintained regarding physical verification of Fixed Assets.

Management's Response:

The company has records of fixed assets in soft copies and are duly accounted for, but based on the auditor's observation, we will follow the practice of maintaining proper Fixed Asset register from the current financial year. Further, supporting sheets shall be maintained regarding physical verification of Fixed Assets in the future. Therefore, the auditors are requested to consider this issue as resolved.

Auditors' further comments:

We recommend the company to maintain the Fixed Asset register and supporting documents for physical verification of Fixed Assets.

Accountability (fixing of Direct and Supervisory)

Direct	Name: Mr. Karma Tshewang Designation: Finance Officer of the company Citizen ID No.: 10904000129
Supervisory	Name: Dr. Tshering Cigay Dorji Designation: CEO of the company Citizen ID No.: 11501001350

4. Other violation of Acts, Directives and Policies : (AIMS Category No.4.5.21)

Irregular Issue of Shares during the Financial Year 2019

It is informed that during the Financial Year 2019, the company has issued 1864 shares which is not in consonance with Clause 15.1 read with Clause 10.1 of Article of Incorporation (AOI) of the Company and thus not in accordance with section 28 of The Companies Act of Bhutan, 2016.

Management's Response:

The shares have been issued to the existing sole shareholder of the company. The company has already issued notice for EGM to be held on February 07 2020 for alteration of Articles of Incorporation.



G. S. Hora & Associates
Chartered Accountants

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Auditors' further comments:

The Company is required to get the issue of shares ratified in the ensuing EGM to be held on February 07 2020 and share a copy of the minutes for our reference and record.

Accountability (fixing of Direct and Supervisory)

Direct	Name: Ms. Pema Lhamo Designation: Company Secretary Citizen ID No.: 10905004297
Supervisory	Name: Dr. Tshering Cigay Dorji Designation: CEO of the company Citizen ID No.: 11501001350

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
2018	Nil	Nil	Nil	Nil

FOR AND ON BEHALF OF

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

Place: Thimphu
Date: January 31 2020



(S. K. Dutta: FCA)

Partner
M. No. 054632



IT SERVICES

1. SAP ERP Services
2. ERPNext Implementation
3. Cyber Security Services

4. Software Development
5. Consulting

TECH PARK SERVICES

1. Business Incubation/Coworking Services
2. Facilitating Foreign Direct Investment
3. Conference and Training Rooms for Hire

4. Trainings & Workshops
5. Commercial Office Space
6. Data Center Services



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