Securities Act 2007 – Securities (Takeovers) Regulations, 2008
Schedule 2 – Required content of ERL's Reply Document

ERL's document shall include the following information:

1. Views of the ERL Board
    a. The directors of ERL recommend that the shareholders should accept the offer for the following reasons.
        i. Synergistic opportunities between Genius Group and ERL can be realised by having the merged group operate on a regional basis, more readily identifying cross-sell opportunities.
        ii. The combined group will be of greater substance and thus more attractive to wider range of investors for IPO on New York Stock Exchange.
        iii. The identification of problem and solution is a more compelling story for IPO investors as a merged group - an entrepreneur education business with curriculum, faculty and campuses.
        iv. The strength of the Genius Group brand will add value to ERL.
        v. The financial backing of Genius Group will make it a strong parent company to ERL.
    b. A copy of the written advice of ERL's financial advisor can be viewed in Annexure 1.

2. Acceptance
    a. The directors who currently own shares, either directly or indirectly, intend to accept the offer.

3. Directors shareholding in ERL
    a. The aggregate shareholdings in Genius Group and in ERL in which the directors of the ERL are interested are:-
        i. Current

        Roger Hamilton

        Genius Group – 1,124,309

        ERL – 6,245,708 (5,000,000 held in World Game Pte)

        Sandra Morrell

        Genius Group – 97,603

        ERL – 523,293 (14,923 held in Purposeful Life Ltd)

        Jeremy Harris

        Genius Group – 5,417 (held in the name of JDH Super Fund)

        ERL – 68,750 (held in the name of JDH Super Fund)

        ii. Pending shares:
        All of the shares below are in director's agreements – planned to be issued on or before IPO – part of 1,050,000 referenced in point 5 (Sandra Morrell's are in addition to those mentioned):

Sandra Morrell - ERL – 400,000

Jeremy Harris - ERL – 50,000

Lisa Bovio - ERL – 50,000

Dennis DuBois - ERL – 50,000

b. No securities in ERL have been purchased or sold by such persons within 6 months before the announcement of the offer.

4. Shareholdings in Genius Group
   a. The shareholdings in Genius Group in which the following persons are interested:
      i. ERL, ERL's holding company and any subsidiary or fellow subsidiary
         1. ERL holds 40,000 shares in Genius Group;

      ii. Each director of ERL
         1. as per 3. above; and

      iii. ERL's financial advisor, the advisor's holding company or any subsidiary or fellow subsidiary
         1. ERL's Financial Advisor does not hold any shares in Genius Group.

   b. No shares in Genius Group have been purchased or sold by such persons within 6 months before the announcement of the offer.

5. Share Capital of ERL
   a. The authorised and issued share capital and any outstanding options, and the rights of the shareholders in respect of capital, dividends and voting.

      Authorised – 500,000,000

      Issued – *13,610,104*

      Outstanding – shares to be issued to management team and directors on or before IPO – 1,050,000

      Rights –

      4.3 The shares in the company shall be issued in United States Dollars, as registered shares only, and with the following rights and obligations:

      a) a right to attend general meetings and to a proportionate vote at general meetings calculated by multiplying the number of shares held by the nominal value of each Share and full rights to income or gains derived from the Investments of the Company to receive distributions from the Company as well as final distributions arising from the liquidation or winding up of the Company.

   b. 1,635,044 shares have been issued since the end of the last financial year of the company
   c. Details of options, warrants and conversion rights affecting shares in ERL.

      $1,220,814 of convertible loans currently on issue include an option to convert to shares on IPO at a 30% discount to the list price.

6. Financial information
    a. The following information about ERL shall be as follows:
        i. for the last 5 financial years for which the information has been published, turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends, and earnings and dividends per share;
        ii. a statement of the assets and liabilities shown in the last published audited accounts;
        iii. all material changes in the financial or trading position or prospects of the company subsequent to the last published audited accounts or a statement that there are no known material changes;
        iv. details relating to items referred to in (i) above in respect of any interim statement or preliminary announcement made since the last published audited accounts; and
        v. significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.

        Refer to:

        - Annexure 2 - 2019 draft audited financial statements; and
        - Annexure 3 - 2018 audited financial statements

7. Material Contracts
    a. There have been no material contracts entered into more than two years before the date of the offer, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the company.

8. Arrangement affecting directors
    a. There have been no benefits given to any director of ERL as compensation for loss of office or otherwise in connection with the offer.
    b. There have been no agreements between any director of ERL and any other person which is conditional on the outcome of the offer or otherwise connected with the offer.
    c. Roger Hamilton's remuneration from GeniusU is a material contract entered into by Genius and therefore being a director of ERL he has material personal interest.

9. Director's service agreement
    a. There have been no service contracts with ERL or any of its subsidiaries or associated companies in force for directors of ERL which have more than 12 months to run, or which have been entered into or amended within 6 months before the announcement of the offer. The director's agreements have no end date.

GENIUS GROUP LIMITED – INDEPENDENT EXPERT'S REPORT

21 May 2020

Elvis Chetty ('Elvis' or 'I' or as appropriate) has been engaged by Entrepreneur Resorts Limited ('ERL') to provide an independent expert's report on the proposal for Genius Group Limited ('Genius') to purchase all of the issued ordinary shares of ERL. You are provided with a copy of our report as a retail client because you are a shareholder of ERL.

SEYCHELLES SECURITIES (TAKEOVERS) REGULATIONS, 2008

In the above circumstances I am required to issue to you an Independent Expert Report ("IER"). This IER is designed to help shareholders make a decision to approve or reject the offer and to ensure that I comply with my obligations to report fairly.

This IER includes information about:

- Who I am and how we can be contacted;
- The services I am authorised to provide under the Legal Practitioners Act;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

INFORMATION ABOUT ELVIS CHETTY

I am a Barrister-at-law and an Attorney-at-law in the jurisdiction of Seychelles. I have been practising for sixteen years and focus on commercial law. I have litigated on behalf of and advised clients in the business community. Setting up corporate structures and providing efficient legal solutions. I have the knowledge in Contract Law, Tax Law, Securities Law and Bankruptcy Law.

FINANCIAL SERVICES I AM LICENSED TO PROVIDE

As an Attorney-at-law I am permitted to engage and provide advice for clientele wishing to engage in financial products. The Legal Practitioners Act grants me the right to advise and act on behalf of clients in the corporate community. I am licensed to advise entities on the legal rights and duties, including the duties and responsibilities of corporate officers.

GENERAL FINANCIAL PRODUCT ADVICE

I only provide general financial product advice, not personal financial product advice. My report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

I charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to Elvis Chetty for this engagement is approximately USD 25,000.

Except for the fees referred to above, neither Elvis Chetty, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

I have received a fee from ERL for my professional services in providing this report. That fee is not linked in any way with my opinion as expressed in this report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we provide.

COMPLAINTS RESOLUTION

Internal complaints resolution process

All complaints must be in writing addressed to Elvis Chetty.

When I receive a written complaint, I will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, I will advise the complainant in writing of my determination.

REFERRAL TO EXTERNAL DISPUTE RESOLUTION SCHEME

A complainant not satisfied with the outcome of the internal complaint's resolution process, or our determination, has the right to refer the matter to the Seychelles Financial Service Authority ('FSA'). FSA is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FSA will be able to advise you as to whether or not they can be of assistance in this matter. Our FSA Membership Number is SD001. Further details about FSA are available at the FSA website www.fsaseychelles.sc or by contacting them directly via the details set out below.

- Financial Service Authority Seychelles
- PO Box 991Bois de Rose Avenue
- Roche Caiman Victoria Mahe Republic of Seychelles
- Tel: (+248) 438 08 00

CONTACT DETAILS

You may contact us using the details set out on page 1 of the accompanying report.

TABLE OF CONTENTS

The Directors
Entrepreneur Resorts Limited
Global Gateway 8,
Rue de La Perle,
Providence, Mahe,
Seychelles

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

On 14 May 2020, Genius Group Limited ('Genius' or 'the Company' or 'Offeror') announced that they have made an offer to purchase all shares (13,610,104 shares) of Entrepreneur Resorts Limited ('ERL') at USD 2.40 per share, the deal will be an exchange of Genius Group shares to equivalent value.

The consideration is payable by the issue of shares in Genius at the rate of one (1) Genius share for every fourteen point five-three (14.53) shares ("the Transaction") in ERL (with part shares rounded up) – calculated using Genius Group current share price of $34.87.

In accordance with the Offeror's Articles and Association, the Offeror may issue new shares without authorisation from existing shareholders.

The newly issued shares in Genius Group Limited will rank pari passu in all respects with the existing shares of the Offeror.

2. SUMMARY AND OPINION

2.1. PURPOSE OF THE REPORT

The directors of ERL have requested that Elvis Chetty prepare an independent expert's report ('our Report') to express an opinion as to whether the advantages of the Transaction outweigh the disadvantages from the perspective of the shareholders of ERL shares ('Shareholders').

Our Report is prepared pursuant to Section 12 of the Securities (Takeovers) Regulations, 2008, Securities Act 2007 ('Securities' or 'the Act') and is to be included in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2. APPROACH

In arriving at my opinion, I have assessed the terms of the Transaction as outlined in the body of this report. I have considered:

- How the advantages of the Transaction compare to the disadvantages of the Transaction;
- The likelihood of a takeover offer being made by Genius, thereby providing ERL Shareholders with the opportunity to receive equivalent value in Genius shares;
- Whether a premium for control is being offered in relation to the transfer of Genius shares and whether this is appropriate;
- Other factors which I consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3. OPINION

I have considered the terms of the Transaction as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the advantages of the Transaction outweigh the disadvantages to Shareholders.

I consider the advantages to outweigh the disadvantages because there is no shift in value or dilution resulting from the transfer of existing shares between ERL and Genius. From my evaluation the share price of USD 34.87 is undervalued and ERL shareholders will benefit by receiving more shares than would be received based on the valuation of the Company provided in this report (USD 38.77 per share). I do not consider there to be any other material disadvantages to approving the Transaction.

2.4. ADVANTAGES AND DISADVANTAGES

I have considered the analysis in section 9 of this report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In my opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of an alternate proposal I believe that the advantages of the Transaction outweigh the disadvantages to Shareholders.

The respective advantages and disadvantages considered are summarised below:

Advantages & Disadvantages -			
Section	**Advantages**	**Section**	**Disadvantages**
9.1.1	Global Customer Base	9.2.1	One Significant Shareholder
9.1.2	Directors & Shareholders' Interests are Aligned	9.2.2	ERL Shares are Moving from Listed to Unlisted
9.1.3	Growth Phase Business	9.2.3	Covid-19 Impact
9.1.4	2019 Financial Performance	9.2.4	Small in Relative Size Compared to the Listed Sector
9.1.5	Vertically Integrated Group		

3. SCOPE OF THE REPORT

3.1. SOURCES OF INFORMATION

The information used in conducting the valuation have primarily come from:

- Accounting information up to 31 December 2019

- Audited and unaudited financial statements of the Company
- Discussions with the management of Genius
- Forecasts and budgets where available.

3.2. SCOPE OF WORK AND LIMITATIONS

My work focused on the valuation of the Company. My utilization of the above information does not constitute an audit in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements. No verification work has been carried out by me and consequently I do not express an opinion on the figures used or included in this report.

As agreed with you, the scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.

In performing my procedures, I have assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to me or otherwise received by me for the purposes of this report, whether in writing or obtained through research or discussions with various parties including the Genius management, and its representatives, and I have not assumed and do not assume any liability therefore.

I have not carried out any independent research or feasibility work to substantiate the future projections developed by Genius, and which has been used by me in support of my valuation.

You should note that my findings do not constitute recommendations to you.

3.3. INDEMNITY AND LIMITATION OF LIABILITY

For the purpose of this report, the following definitions shall apply:

"Genius" shall mean Genius Group Limited and any subsidiary and subsidiary undertaking and holding company thereof and any subsidiary and subsidiary undertaking of such holding company; and

"Indemnified Persons" shall mean Elvis Chetty and any subsidiary and subsidiary undertaking and holding company thereof and any subsidiary and subsidiary undertaking of such holding company and their respective directors, partners, members, officers, employees and agents, and any successor or assign of any such person.

Genius irrevocably agrees with Elvis Chetty (for itself and as agent for the other Indemnified Persons) on demand to indemnify fully and to hold harmless each Indemnified Person from and against any and all actions, claims, demands, proceedings and judgements (collectively "Claims") and any and all losses, liabilities, damages, costs, charges and expenses (collectively "Losses") of whatever nature and whichever jurisdiction they may be instituted, made or alleged in which may be instituted, made or alleged against, or which are suffered or incurred by, Elvis Chetty and/or any other Indemnified Person and which relate to or arise from, directly or indirectly, the Engagement (including without prejudice to the generality of the foregoing any Forecast) and/or the transaction(s) or matters to which it relates and the Company shall reimburse Elvis Chetty and any other Indemnified Person for all costs, charges and expenses reasonably incurred (including legal fees) as they are incurred by Elvis Chetty and/or any other Indemnified Person in connection with investigating, dealing with or defending any Claims (whether actual, pending, threatened or potential) which so relate or arise, and whether or not Elvis Chetty and/or any other Indemnified Person is or may be a party thereto, PROVIDED THAT Genius will not be responsible for any Claims or Losses to the extent that they are found in final judgement by a court of competent jurisdiction to have resulted from a criminal or fraudulent act or the wilful default or negligence of Elvis Chetty, or where such Claims or Losses are the result of any material breach by Elvis Chetty of its obligations under this engagement, or in circumstances where Elvis Chetty is prohibited from receiving an indemnity or the rules of any appropriate regulatory authority but only to the extent of such prohibition.

Genius (for itself and each member of the Group) also agrees that neither Elvis Chetty nor any other Indemnified Person shall have any liability (whether direct or indirect, in contract, tort or otherwise) to any member of the Group for, or in connection with Elvis Chetty's engagement hereunder or the transaction(s) or matters to which it relates except for Losses suffered by the Company the extent that:

i. they are found in final judgement by a court of competent jurisdiction to have resulted from the wilful default or gross negligence of Elvis Chetty; or
ii. they are found in final judgement by a court of competent jurisdiction to have resulted from a fraudulent or criminal act of Elvis Chetty;

No proceedings may be taken in connection with the Engagement, or this report, against Elvis Chetty and/or any other indemnified person save insofar as proceedings relate to those matters referred to above.

For the purposes of paragraphs (i) above the aggregate liability of Elvis Chetty, its partners, members, agents and employees or any of them (together referred to in this and subsequent clauses as the "Firm") for the Total Damage shall be limited to the fees for this Engagement.

For the purposes of this report the "Total Damage" shall mean the aggregate of all losses or damages (including interest thereon) and costs suffered or incurred, directly or indirectly, by the addressees of this report (together with such other parties whom the Firm and such original addressees have agreed may have the benefit of and rely upon our work on the terms hereof) (together "Addressees") under or in connection with this engagement or its subject matter) as the same may be amended or varied) and any report prepared pursuant to it, including as a result of breach of contract, tort (including negligence and breach of statutory duty) or otherwise but excluding any such losses, damages or costs arising from the fraud or dishonesty of the Firm or in respect of liabilities which cannot lawfully be limited or excluded.

Where there is more than one Addressee the limit of liability specified above will have to be allocated between Addressees. It is agreed that such allocation will be entirely a matter for the Addressees, who shall be under no obligation to inform the Firm of it, provided always that if (for whatever reason) no such allocation is agreed, no Addressees shall dispute the validity, enforceability or operation of the limit of liability on the ground that no such allocation was agreed.

Subject always to the aggregate limit of liability specified above, the liability of the Firm to the addressees of this report (the "Addressees") in connection with any report or communication relating to this engagement and/or prepared pursuant to it shall be limited to the proportion of the Total Damage which may justly and equitably be attributed to the Firm, after taking in account contributory negligence (if any) of the Addressees and any other third party found to be liable to contribute to the Total Damage. The parties intend that these terms shall have the same meaning as in the Civil Liability (Contribution) Act 1978 (UK), subject to the modifications below.

For the purposes of assessing the proportion of the Total Damage attributable to the Firm and the proportion of the Total Damage which may be attributable to any third party, it is agreed that no account shall be taken of:

- the third party ceasing to be liable as a result of the expiry of a period of limitation or prescription under the law of a country outside Seychelles which extinguished the right on which the claim against him was based.
- any limit imposed on the amount of liability of the third party by any agreement made before the Total Damage occurred; and
- the dissolution, death or other ceasing to exist of the third party.

It is agreed that, if requested by the Firm, any Addressee shall join any third party as a defendant or other party to any proceedings against the Firm, provided that such joiner is not prohibited by law or rules of procedure or is not permitted by the court in the relevant proceedings.

At the request of any party, where either:

- the court declines to apportion responsibility to a third party not before it and the third party is not or cannot be joined as a party to the court proceedings relating to the Total Damage; or
- the provisions above apply and the court cannot or does not disregard the matters stated above, the question of the extent of the responsibility of that third party and corresponding reduction in the liability of the Firm shall be referred to an expert.

The expert shall be appointed by agreement between the parties or, if the parties fail to agree within 30 days of the request, by the President of the Seychelles International Business Authority. The expert shall act as expert and not as an arbitrator and his decision, including any reduction in the Firm's liability to Addressees as determined by the court, shall be final. The Addressees agree to be bound by the expert's determination and no Addressee shall enforce any prior judgement in their favour against the Firm until the expert has delivered his determination. Any judgement in favour of the Addressees shall be deemed to be fully and finally satisfied when paid, after making any reduction in the Firm's liability as determined by the expert and the payment of any costs awarded in their favour by the expert. Where matters arising from the same facts or circumstances are or may be referred to more than one expert, the Addressees agree to the consolidation of these matters to be determined by the agreed expert.

Nothing in this report shall be taken to exclude or restrict any duty or liability to the Company or other member of the Group which Elvis Chetty has under the regulatory system or to oblige the Company or other member of the Group to indemnify any Indemnified Persons against any fine, penalty or other sanction imposed upon such Indemnified Person in respect of a contravention under any other statute or under the regulatory system.

This Indemnity shall remain in full force and effect regardless of when or whether this agreement is terminated.

3.4. TAXATION

My review of corporate tax was based on figures contained in the financial statements therefore I am unable to comment on tax liabilities which may arise as a result of omissions from, or misrepresentations in, those financial statements.

3.5. FORECASTS

The responsibility for the forecasts and the assumptions on which they are based is solely that of the directors of the business. It must be emphasised that profit and cash flow forecasts necessarily depend on subjective judgement. They are, to a greater or lesser extent, according to the nature of the businesses and the period covered by the forecasts, subject to inherent uncertainties.

3.6. FORMS OF REPORT

For your convenience, this report may have been made available to you in electronic as well as hard copy format. Multiple copies and versions of this report may therefore exist in different media. In the case of any discrepancy the final signed hard copy should be regarded as definitive.

3.7. GENERAL

My engagement is governed and interpreted in accordance with the laws of Seychelles. Dispute resolution proceedings, including any litigation will take place in Seychelles.

The report is issued on the understanding that the directors of Genius have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report. Events and circumstances occurring after the date of our report will, in due course, render my report out of date and, accordingly, I will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report. Additionally, I have no responsibility to update this report for events and circumstances occurring after this date.

4. OUTLINE OF THE TRANSACTION

On 14 May 2020, Genius Group Limited ('Genius' or 'the Company' or 'Offeror') announced that they have made an offer to purchase all shares (2,575,835 shares) of Entrepreneur Resorts Limited ('ERL') at USD 2.40 per share, the deal will be an exchange of Genius Group shares to equivalent value.

The consideration is payable by the issue of shares in Genius at the rate of one (1) Genius share for every fourteen point five-three (14.53) shares ("the Transaction") in ERL (with part shares rounded up) – calculated using Genius Group current share price of $34.87.

In accordance with the Offeror's Articles and Association, the Offeror may issue new shares without authorisation from existing shareholders.

The newly issued shares in Genius Group Limited will rank pari passu in all respects with the existing shares of the Offeror.

Genius has previously invested USD 800,000 into ERL (which at the time equated to 400,000 shares).

4.1. OFFER CONDITIONS

The offer conditions are set out as follows:

- The offer will be accepted on condition that 50%+1 of shareholders agree to the acquisition.
- ERL will remain listed on MERJ EXCHANGE following the acquisition should they continue to meet the listing requirements of MERJ EXCHANGE.

5. PROFILE OF GENIUS GROUP LIMITED

5.1. HISTORY & OVERVIEW

Genius is a professional service provider registered in Singapore, office address #18-15, The Great Room, Centennial Tower, 3 Temasek Avenue, Singapore 039190.

The Company considers itself to be the world's number 1 Entrepreneur Education Group and they are building a curriculum, faculty, campuses and an Edtech platform to deliver entrepreneur education globally through events, camps, accelerators, schools and companies.

The group has 1.2 million students, revenues of USD 6.6 Million, net profit of USD 1.1 Million, and a market valuation of USD 56.7 Million (Dec 2019). Genius forecast a continued annual revenue growth of 50%-100% through the acquisition and integration of profitable entrepreneur education related businesses.

The Offeror's targeted focus is in service areas helping and consulting with start-ups and small businesses.

The current directors and senior management of Genius are:

- Roger Hamilton, CEO
- Nic Lim, Advisory Board
- Anna Gong, Advisory Board

It is intended that Nic Lim, Anna Gong, Sandra Morrell and Jeremy Harris will be directors pending formal appointment.

The Genius Group team includes over 200 full time staff and 7,000 partners with teams, locations and offices divided across three geographic regions: NASA, EMEA & APAC. The teams operate from over 40 cities in USA, South America, Europe, Africa, Asia & Australia.

5.2. GROWTH STRATEGY

Genius Group is growing as a Venture Builder, acquiring entrepreneur education companies, adding them to their platform, and then increasing their revenues and capital value with GeniusU's digital layer of A.I. and customer intelligence.

Genius Group's first acquisition, in 2019, was Entrepreneurs Institute, which owns all the I.P. for Wealth Dynamics, Talent Dynamics, Impact Dynamics & Genius Test, and Purpose Test.

Genius Group plans to have an IPO on the NYSE in 2021 as part of its ongoing growth strategy. The group currently plans to list at a valuation of over USD 120 Million, with a series of acquisitions leading up to its IPO on NYSE American.

The company's post-IPO plan is to continue expansion through organic growth and acquiring entrepreneur education companies. They plan to grow to USD 100 Million in revenues by 2022, and USD 1 Billion in revenues by 2030.

It must be noted that the NYSE listing is not guaranteed to proceed.

5.3. ACQUISITION MODEL

By acquiring profitable, cash-positive training companies that are supporting entrepreneurship, Genius Group is able to rapidly accelerate their growth by adding a digital layer of AI, data tracking and mobile technology.

This enables Genius Group to increase its curriculum and community rapidly, as it acquires at a profit-multiple valuation and then transforms these companies into high growth tech companies with a higher valuation. The owners also benefit by switching their shares in a private company to a mix of cash and shares in a public company.

This strategy also enables Genius Group to grow rapidly with profit and positive cash flow. As an example, purchasing Entrepreneurs Institute for $8 million will add between $16 million and $20 million in capital value based on PE ratio or Net Revenue multiple valuations.

5.4. HISTORICAL BALANCE SHEET (UNAUDITED RESULTS)

3. Consolidated Group Balance Sheet - Dec 2019

	Group Actuals	Genius Group Actuals	GeniusU Actuals	Wealth Dynamics Actuals
ASSETS				
Bank Accounts	995,499	391,476	428,015	176,007
Accounts Receivable	4,099,280	207,416	2,122,869	1,768,995
Amount due from Companies	486,057	-	11,950	474,107
Other Current Asset	1,016,143	426,901	327,577	261,665
Total Current Assets	**6,596,978**	**1,025,793**	**2,890,411**	**2,680,774**
Fixed and Non Current Assets				
Development Charge	2,240,631	-	2,240,631	-
Computer and Equipments	19,217	-	10,018	9,199
Investments	59,269,943	58,363,373	-	906,570
Other Non Current Assets	-	-	-	-
Total Fixed and Non Current Assets	**61,529,791**	**58,363,373**	**2,250,649**	**915,769**
TOTAL ASSETS	**68,126,769**	**59,389,166**	**5,141,060**	**3,596,543**
LIABILITIES				
Accounts Payable	1,535,562	1,112,000	321,697	101,865
Amount due to Companies	2,356,750	969,087	877,822	509,841
Other Current Liabilities	491,087	-	(93,280)	584,367
Total Current Liabilities	**4,383,399**	**2,081,087**	**1,106,238**	**1,196,074**
Non Current Liabilities	-	-	-	-
TOTAL LIABILITIES	**4,383,399**	**2,081,087**	**1,106,238**	**1,196,074**
EQUITY				
Capital	20,314,285	15,692,076	4,621,029	1,180
Retained Earnings	264,039	(680,331)	-	944,371
Revaluation Reserve	42,040,414	42,040,414	-	-
Net Income	1,124,632	255,920	(586,207)	1,454,919
Total Equity	**63,743,370**	**57,308,079**	**4,034,822**	**2,400,469**
TOTAL LIABILITIES & EQUITY	**68,126,769**	**59,389,166**	**5,141,060**	**3,596,543**

5.5. CONSOLIDATED GROUP PROFIT & LOSS (DEC 2019 UNAUDITED RESULTS)

1. Consolidated Group Profit & Loss - Dec 2019

	Group Actuals	Group Budget	Genius Group Actuals	Genius Group Budget	GeniusU Actuals	GeniusU Budget	Wealth Dynamics Actuals	Wealth Dynamics Budget
Income								
Events	136,824	129,600	-	-	103,916	28,800	32,909	100,800
Online	112,906	452,202	-	-	56,577	226,101	56,329	226,101
Training	144,939	41,200	-	-	91,184	41,200	53,756	-
Mentoring	710,772	691,540	-	-	364,860	364,375	345,911	327,165
Certifications	410,098	1,636,077	-	-	208,354	1,551,077	201,744	85,000
Membership	6,777	-	-	-	2,176	-	4,601	-
Services	82,622	125,084	-	-	82,622	125,084	-	-
Venues	7,121,928	-	-	-	7,121,928	-	-	-
Management Fees	648,671	-	648,671	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Gross Revenue	**9,375,537**	**3,075,703**	**648,671**	-	**8,031,616**	**2,336,637**	**695,250**	**739,066**
Cost of Goods Sold								
Events Cost	527,323	170,600	-	-	207,605	2,000	319,718	168,600
Marketing	71,835	90,500	-	-	21,515	45,000	50,320	45,500
Commissions	7,792,572	2,123,887	-	-	7,652,643	1,913,954	139,930	209,933
Bank Fees	55,135	102,845	-	-	29,846	87,023	25,289	15,822
Product	21,104	7,200	-	-	-	-	21,104	7,200
Total Cost of Goods Sold	**8,467,970**	**2,495,032**	-	-	**7,911,608**	**2,047,977**	**556,361**	**447,055**
Operating Profit	**907,567**	**580,671**	**648,671**	-	**120,008**	**288,660**	**138,888**	**292,011**
Operating Profit Margin	**10%**	**19%**	**100%**	**0**	**1%**	**12%**	**20%**	**40%**
Expenses								
Administration	15,089	20,825	-	-	(849)	12,125	15,938	8,700
Employment	227,832	163,200	19,744	-	72,112	65,000	135,976	98,200
Office	9,382	23,726	-	-	5,437	18,426	3,946	5,300
Tech	136	2,851	-	-	136	2,851	-	-
Total Expenses	**252,439**	**210,602**	**19,744**	-	**76,835**	**98,402**	**155,859**	**112,200**
Net Operating Profit	**655,129**	**370,069**	**628,927**	-	**43,173**	**190,258**	**(16,971)**	**179,811**
Net Operating Margin	**7%**	**12%**	**97%**	**0**	**1%**	**8%**	**-2%**	**24%**
Total Other Income	-	-			-	-	-	-
Other Expenses								
Depreciation	63,900	61,800	-	-	63,135	61,500	765	300
Management	657,739	9,000	-	-	450,079	9,000	207,660	-
Forex Loss/(Gain)	20,099	10,000	-	-	13,598	10,000	6,501	-
Tax	(1,915)	-	-	-	-	-	(1,915)	-
Total Other Expenses	**739,822**	**80,800**	-	-	**526,812**	**80,500**	**213,010**	**300**
Net Profit	**(84,694)**	**289,269**	**628,927**	-	**(483,639)**	**109,758**	**(229,981)**	**179,511**
Net Margin	**-1%**	**9%**	**97%**	**0**	**-6%**	**5%**	**-33%**	**24%**

5.6. CONSOLIDATED GROUP PROFIT & LOSS (YTD UNAUDITED RESULTS)

2. Consolidated Group Profit & Loss - YTD 2019

	Group Actuals	Group Budget	Genius Group Actuals	Genius Group Budget	GeniusU Actuals	GeniusU Budget	Wealth Dynamics Actuals	Wealth Dynamics Budget
Income								
Events	2,716,741	1,899,200	-	-	1,260,801	592,000	1,455,940	1,307,200
Online	1,968,824	3,898,008	-	-	992,381	1,921,447	976,442	1,976,561
Training	801,407	1,005,550	-	-	694,290	1,005,550	107,117	-
Mentoring	9,902,274	6,620,846	-	-	5,140,324	3,483,330	4,761,951	3,137,516
Certifications	2,030,691	7,885,645	-	-	1,003,648	6,880,645	1,027,042	1,005,000
Membership	387,694		-	-	409,802	-	(22,109)	-
Services	1,017,276	1,094,292	-	-	1,017,276	1,094,292	-	-
Venues	7,121,928	-	-	-	7,121,928	-	-	-
Management Fees	648,671	-	648,671	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Gross Revenue	26,595,505	22,403,541	648,671	-	17,640,451	14,977,264	8,306,383	7,426,277
Cost of Goods Sold								
Events Cost	2,601,305	1,788,200	-	-	269,254	38,000	2,332,052	1,750,200
Marketing	933,638	995,000	-	-	549,208	544,000	384,431	451,000
Commissions	16,457,316	13,805,548	-	-	14,767,373	11,742,952	1,689,943	2,062,596
Bank Fees	634,733	718,151	-	-	314,889	554,880	319,844	163,271
Product	404,962	70,050	-	-	-	-	404,962	70,050
Total Cost of Goods Sold	21,031,954	17,376,949	-	-	15,900,723	12,879,832	5,131,231	4,497,117
Operating Profit	5,563,551	5,026,592	648,671	-	1,739,728	2,097,432	3,175,152	2,929,160
Operating Profit Margin	21%	22%	100%	0	10%	14%	38%	39%
Expenses								
Administration	229,997	250,568	-	-	104,547	146,168	125,451	104,400
Employment	2,761,975	1,976,800	392,751	-	763,715	798,400	1,605,510	1,178,400
Office	188,207	201,702	-	-	95,776	138,102	92,432	63,600
Tech	20,104	26,529	-	-	20,104	26,529	-	-
Total Expenses	3,200,284	2,455,599	392,751	-	984,141	1,109,199	1,823,392	1,346,400
Net Operating Profit	2,363,267	2,570,993	255,920	-	755,587	988,233	1,351,760	1,582,760
Net Operating Margin	9%	11%	39%	0	4%	7%	16%	21%
Total Other Income	370,455	-	-	-	-		370,455	-
Other Expenses								
Depreciation	669,098	642,600	-	-	657,785	639,000	11,313	3,600
Management	770,520	107,000	-	-	562,860	107,000	207,660	-
Forex Loss/(Gain)	157,388	120,000	-	-	121,150	120,000	36,238	-
Tax	12,085	-	-	-	-	-	12,085	-
Total Other Expenses	1,609,090	869,600	-	-	1,341,794	866,000	267,296	3,600
Net Profit	1,124,632	1,701,393	255,920	-	(586,207)	122,233	1,454,919	1,579,160
Net Margin	4%	8%	39%	0	-3%	1%	18%	21%

5.7. CAPITAL STRUCTURE

The share structure of Genius as at 21 May 2020 is outlined below:

Total Ordinary Shares in Issue	1,639,076

Historical Capital Raising is outlined below:

Year	Funding	No. Shares	Share Price
2016	USD 1.1M	124,589	USD 9.23
2017	USD 430K	27,830	USD 15.45
2018	USD 450K	21,880	USD 21.34
2019	USD 200K	7,653	USD 26.13
2019	USD 1.1M	39,349	USD 28.75
2019	USD 630K	21,395	USD 29.53
2019	USD 415K	12,613	USD 32.91
2019	USD 307K	8,827	USD 34.87
2020	USD 170K	5,166	USD 32.91
2020	USD 265K	7,602	USD 34.87

The ordinary shares held by significant shareholders (2.5% or more) as at 21 May 2020 are detailed below:

Name	No. Ordinary Shares Held	Percentage of Issued Shares (%)
Roger James Hamilton	1,133,093 shares	69.13%

6. PROFILE OF ENTREPRENEUR RESORTS LIMITED

6.1. HISTORY & OVERVIEW

ERL was established in May 2017 to be the world's premier group of entrepreneur resorts and beach clubs.

ERL has been publicly listed on MERJ EXCHANGE (a regulated Stock Exchange based in Seychelles) since 19 July 2017 and solves a need that the growing number of Entrepreneurs in the world have: A way to co-work, co-

live and co-learn in paradise locations around the world, connecting with local entrepreneur communities. ERL provide a membership and global network of resorts for retreats and accelerators, and Beach Clubs for co-working & connection in paradise locations around the world.

The current directors and senior management of ERL are:

- Roger James Hamilton, CEO
- Sandra Morrell, COO
- Jeremy Harris, CFO
- Lisa Bovio, Non-Executive Director
- Dennis DuBois, Non-Executive Director

6.2. CAPITAL STRUCTURE

The share structure of ERL as at 21 May 2020 is outlined below:

Total Ordinary Shares in Issue	13,610,104

Historical Capital Raising is outlined below:

Year	No. Shares	Share Price
4 August 2017	8,023,810	USD 1.00
17 April 2018	3,651,250	USD 1.00
13 July 2018	100,000	USD 1.00
4 September 2018	200,000	USD 1.30
19 May 2020	1,635,044	USD 2.00

The ordinary shares held by significant shareholders (2.5% or more) as at 21 May 2020 are detailed below:

Name	No. Ordinary Shares Held	Percentage of Issued Shares (%)
World Game Pte	5,000,000	36.74%
Roger Hamilton	1,245,708	9.15%
Genius Group	400,000	2.94%

7. INDUSTRY ANALYSIS

The company falls broadly into the Education Sector, Subcategory Events & Training. Information regarding the PE ratios within this sector is readily available and represents a strong starting point for the performance of this valuation.

Using a Global Data source by Damodaran Online I was able to establish an average Price Earnings Ratio which was used to assess the takeover in question. The Dataset evaluates 211 Education firms around the world focusing on the following regions:

- United States
- Europe (EU, UK, Switzerland & Scandinavia)
- Japan
- Emerging Markets (Asia, Latin America, Eastern Europe, Middle East and Africa), with a further breakdown for India & China.
- Australia, New Zealand & Canada

From the 211 Educational Companies evaluated the below lists out the PE ratio, expected growth (Value Line) and the PE/growth by industry group:

Industry Name	No. of Firms	Current PE	Trailing PE	Forward PE	Aggregate Mkt Cap/ Net Income (all firms)	Expected growth - next 5 years	PEG Ratio
Education	211	47.65	57.39	22.38	32.54	18.7%	1.15

The 211 Educational companies can be found here.

8. VALUATION APPROACH ADOPTED

Historic Price Earnings Ratio has been selected as the valuation methodology. I have assessed the value of Genius prior to the announcement of the Transaction and whether or not the consideration of shares in Genius at the rate of one (1) Genius share for every fourteen point five-three (14.53) shares in ERL calculated using Genius Group current share price of USD 34.87 is fair and reasonable.

If the takeover were to be completed, we would first need to factor in that any ERL shares that Genius own would need to become unissued after the takeover. With that being said there is currently a total of 13,610,104 ERL shares in issue. As Genius are holding 400,000 shares in ERL we would need to subtract that from the total shares in issue first. Therefore (13,610,04 – 400,000) 13,210,104 shares would need to be converted into 909,161 Genius shares at a rate of 14.53 Genius shares per 1 ERL share, resulting in a total of 2,548,237

Genius shares in issue after takeover as illustrated below:

Total Shares in Genius prior to potential takeover	1,639,076
Total shares in ERL prior to takeover	13,610,104
Genius shares in ERL to be unissued after takeover	400,000
Total additional shares to be issued in Genius from ERL shareholders (1 Genius Share = 14.53 ERL Shares)	909,161
Total Shares in Issue after Takeover	**2,548,237**

8.1. PE RATIO DETERMINATION

Using the information provided in Section 7 on industry analysis, adjustments were made to the PE Ratio based off the research and understanding of Genius.

Sector Average (Trailing P/E Ratio)		57.39
Single Significant Shareholder	-2.00%	-1.14780
Listed Shares to Potentially Unlisted Shares	-2.50%	-1.43475
Global Customer Base	10.00%	5.73900
Covid-19 Impact	-5.00%	-2.86950
Directors & Shareholders' Interests are Aligned	10.00%	5.73900
Growth Phase Business	30.00%	17.2170
Vertically Integrated Group	15.00%	8.60850
Small in Relative Size Compared to Listed Sector	-2.50%	-1.43475
Applicable PE Ratio		**87.80670**

8.2. ATTRIBUTABLE EARNINGS

The earnings attributable to shareholders in section 5.7 (Consolidated Group Profit & Loss (YTD)) are USD 1,124,632. It must be noted that the 2019 results are yet to be audited. I have established through discussion with management that these earnings do not require normalisation in any way.

Latest Unaudited Earnings	USD 1,124,623.00
Genius Value based off Applicable PE Ratio (USD 1,124,623 * 87.80670)	USD 98,750,224.63
Fair Value Range	USD 98,800,000
Total Shares in issue after takeover	2,548,237
Price per share	**USD 38.77**

Based on the Attributable Earnings and Applicable PE ratio as determined above, the value of Genius following the takeover would be USD 98,800,000.

Based off this estimate we believe that each share in Genius Group would be valued at USD 38.77 following the takeover.

It must be noted that the above calculation on the Genius share price is assuming that all ERL shareholders take up the offer.

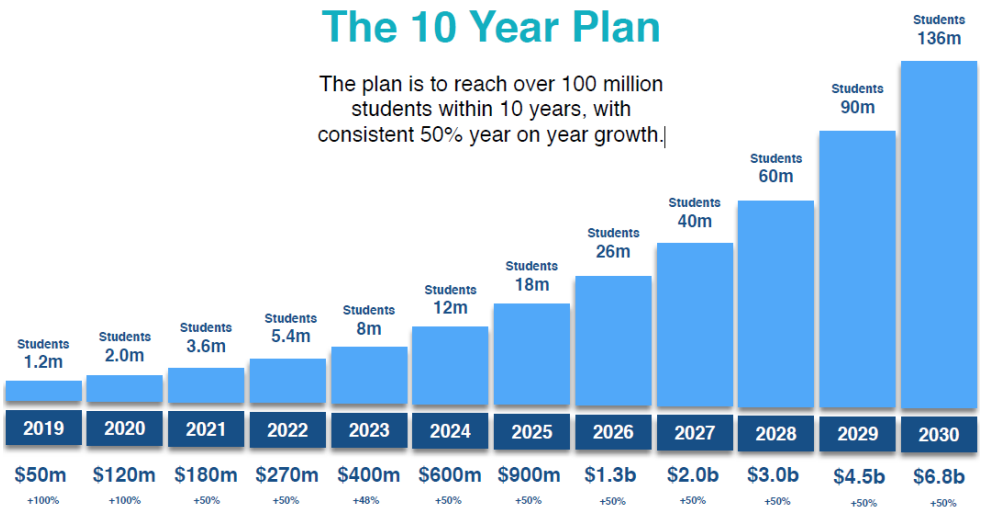
9. EVALUATION OF THE TRANSACTION

9.1. ADVANTAGES

9.1.1. GLOBAL CUSTOMER BASE

The takeover will allow for both ERL and Genius to combine their already massive database. The takeover will take their community to 1,200,000 students across 20,345 cities and 200 countries, meeting online and in over 500 events, with over 1,000 new students joining every day.

Genius's plan is to reach over 100 million students within 10 years, with consistent 50% year on year growth as per the illustration below.



9.1.2 DIRECTORS & SHAREHOLDERS' INTERESTS ARE ALIGNED

When management and employees are also shareholders, they will be motivated to protect shareholder interests as their own. This helps to protect a company from mismanagement and weak employee productivity. If these groups are not aligned with the interests of investors, major problems can arise and destroy shareholder value.

9.1.3 GROWTH PHASE BUSINESS

Genius Group is growing as a Venture Builder, acquiring entrepreneur education companies, adding them to their platform, and then increasing their revenues and capital value with GeniusU's digital layer of A.I. and customer intelligence.

Genius Group's first acquisition, in 2019, was Entrepreneurs Institute, which owns all the I.P. for Wealth Dynamics, Talent Dynamics, Impact Dynamics & Genius Test, and Purpose Test. The company's post-IPO plan is to continue expansion through organic growth and acquiring entrepreneur education companies. They plan to grow to USD 100 Million in revenues by 2022, and USD 1 Billion in revenues by 2030.

By acquiring profitable, cash-positive training companies that are supporting entrepreneurship, Genius Group can rapidly accelerate their growth by adding a digital layer of AI, data tracking and mobile technology.

This enables the Company to increase its curriculum and community rapidly, as it acquires at a profit-multiple valuation and then transforms these companies into high growth tech companies with a higher valuation. The owners also benefit by switching their shares in a private company to a mix of cash and shares in a public company.

This strategy also enables Genius Group to grow rapidly with profit and positive cash flow. As an example, purchasing Entrepreneurs Institute for USD 8 Million will add between USD 16 Million and USD 20 Million in capital value based on PE ratio or Net Revenue multiple valuations. See page 24 for a diagram of the Group Structure post takeover.

9.1.4. 2019 FINANCIAL PERFORMANCE

The focus of 2019 was cash positive growth, which has been achieved by managing development costs while adding revenue and profit streams. The main revenue drivers have been entrepreneur mentoring, training, certifications, events, and locations. This generated the USD 26.6 Million group revenues and USD 1.1 Million in group profit, up 150% from USD 10.6 Million revenue and a loss in 2018. It must be noted that the 2019 financial statements have not been audited yet.

In 2019 the group raised USD 2.2 Million in funds from private investors. Instead of looking for outside investors, Genius Group raised funds from its own membership base. It now has a total of 130 investors with 1,639,076 shares issued. Market cap has doubled in 2019 to USD 57.2 Million.

The balance sheet ended the year with total equity of USD 63.7 Million following the acquisitions. This includes the market value of GeniusU at the launch of Genius Group (USD 46.7 Million) and the acquisition price of Entrepreneurs Institute (USD 8 Million). Assets not reflected on the balance sheet include the value of the IP from group brands and products in Entrepreneurs Institute, the 1.2m students and 7,000+ partners, the team and team culture, the World Game linked to the UN Global Goals and the goodwill that these assets generate.

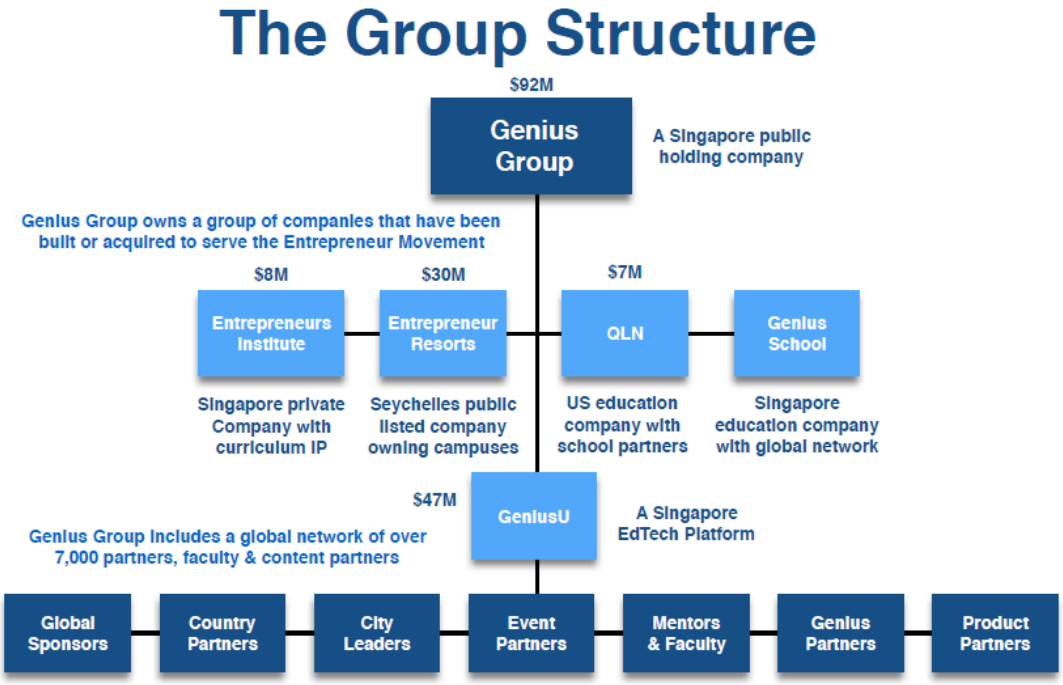
9.1.5. VERTICALLY INTEGRATED GROUP

Genius Group is already holding 400,000 shares in ERL prior to takeover. Both companies also have the following same director:

- Roger James Hamilton, CEO

It is intended that Nic Lim, Anna Gong, Sandra Morrell and Jeremy Harris will be directors pending formal appointment.

Should the takeover be successful the Group Structure will look as follows:



9.2. DISADVANTAGES

9.2.1. ONE MAJORITY SHAREHOLDER

Prior to the Transaction, Roger James Hamilton (CEO) has a majority shareholding in Genius of 69.13%. Should the transaction be successful his shareholding will be 61.33% which means he will continue to be a Majority Shareholder. The disadvantage of this is that as a majority shareholder he would be able to out-vote the collective minority shareholders.

9.2.2. ERL SHARES ARE MOVING FROM LISTED TO UNLISTED

Following the takeover shareholders holding Genius shares will no longer be holding shares listed on a Regulated Stock Exchange. As the shares will no longer be available on the secondary market it may be more difficult for shareholders to sell their shares if they desperately need to.

Genius Group are however planning to have an IPO on the NYSE in 2021 as part of its ongoing growth strategy. The group currently plans to list at a valuation of over USD 20 Million, with a series of acquisitions leading up to its IPO on NYSE American.

The plan is then to grow to over $500 Million in size within 5 years, and over $1 Billion in 7 years. Each of the acquisition companies grows in value by leveraging Genius Group's global entrepreneur community and digital tech layer to grow the revenue and profitability of each company.

9.2.3. COVID-19 IMPACT

The Covid-19 pandemic has put a complete halt to economies and sectors around the world, the education sector has been adversely affected and a world-wide adaption to how educational services are provided needed to be relooked at. The pandemic affected educational systems worldwide, leading to the near-total closures of schools, universities, and colleges to adhere to social distancing measures.

As Genius Group falls under the educational sector, they would have been impacted by this. Furthermore, Genius also focuses on planned events and training seminars which require large gatherings. All the above would need to be put on hold until easing of the restrictions in each jurisdiction have been passed and this would ultimately impact the revenues of the company.

9.2.4. SMALL IN RELATIVE SIZE COMPARED TO THE LISTED SECTOR

According to a report published by Holon IQ, in 2015 there were 10 listed education companies with Market Cap's over USD 1 Billion, growing to USD 40 Billion in 2019 and expected to be USD100+ Billion by 2025.

After the takeover the total market cap of Genius Group will be USD 90 million which is a factor of 10 times smaller that some of the largest companies in this space.

9.3. CONSEQUENCES OF NOT APPROVING THE TRANSACTION

9.3.1. ERL WILL REMAIN LISTED ON MERJ EXCHANGE WITH GENIUS AS A SIGNIFICANT SHAREHOLDER

If the Transaction is not approved, then ERL's shareholding structure will remain unchanged as Genius will continue to hold 2.94% of ERL's issued capital.

9.3.2. IMPACT ON ERL'S SHARE PRICE

I have analysed movements in ERL's share price since the Transaction was announced. A graph of ERL's share price prior to and since the announcement is set out below:

Based on the above analysis, it appears that the market is neutral to the Transaction as there has been no change in share price since 13 March 2020. Therefore, we do not consider it likely that the approval or rejection of the Transaction would have a material impact on the Company's share price.

9.4. ARE FURTHER TRANSACTIONS PLANNED BETWEEN ERL AND GENIUS?

Based on our enquiries of the directors, we are not aware of any further transactions planned between ERL and Genius.

10. CONCLUSION

I have considered the terms of the Transaction as outlined in the body of this report and have concluded that the advantages of the Transaction to Shareholders outweigh the disadvantages.

I consider the advantages to outweigh the disadvantages because there is no shift in value or dilution resulting from the transfer of existing shares between ERL and Genius. From my evaluation the share price of USD 34.87 is undervalued and ERL shareholders will benefit by receiving more shares than would be received based on the valuation provided in this report (USD 38.77 per share) assuming all ERL shareholders take up the offer. I do not consider there to be any other material disadvantages to approving the Transaction.

Signed at Eden Island, Seychelles on this 5th day of June 2020

Elvis Chetty

Entrepreneur Resorts Group Limited
(Registration number 194139)
Consolidated Financial Statements
for the year ended 31 December 2019

General Information

Country of incorporation and domicile	Seychelles
Nature of business and principal activities	The group is a Seychelles incorporated public company, listed on the Seychelles Securities Exchange (MERJ Exchange Limited) and engaged principally in the hospitality industry.
Directors	Roger Hamilton Dennis Owen Du Bois Sandra Lee Morrell Vilma Lisa Bovio Jeremy Justin Harris
Registered office	Global Gateway 8 Rue de la Perle Providence, Mahe Seychelles
Business address	Global Gateway 8 Rue de la Perle Providence, Mahe Seychelles
Holding company	Entrepreneur Resorts Limited incorporated in Seychelles
Auditors	PKF Octagon Inc.
Secretary	PKF Capital
Company registration number	194139
Level of assurance	These consolidated financial statements have been audited in compliance with the applicable requirements of the International Business Companies Act of 2016.
Issued	31 May 2020

Contents

The reports and statements set out below comprise the consolidated financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the International Business Companies Act of 2016 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations committee (IFRIC). The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations committee (IFRIC) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 10.

The consolidated financial statements set out on pages 11 to 52, which have been prepared on the going concern basis, were approved by the board of directors on 31 May 2020 and were signed by:

Director **Director**

Directors' Report

The directors have pleasure in submitting their report on the consolidated financial statements of Entrepreneur Resorts Group Limited for the year ended 31 December 2019.

1. Incorporation

The group was incorporated on 09 May 2017 and obtained its certificate to commence business on the same day.

2. Nature of business

Entrepreneur Resorts Group Limited was incorporated in Seychelles with interests in the hospitality industry. The group operates in Seychelles, the rest of Africa and Asia.

There have been no material changes to the nature of the group's business from the prior year.

3. Review of financial results and activities

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated financial statements.

4. Share capital

			2019	2018
Authorised			Number of shares	
Ordinary shares			500 000 000	500 000 000

	2019	2018	2019	2018
Issued	$	$	Number of shares	
Ordinary shares	119 751	119 751	11 975 060	11 975 060
Share premium	12 770 313	11 939 376	-	-
	12 890 064	**12 059 127**	**11 975 060**	**11 975 060**

Refer to note 14 of the financial statements for detail of the movement in issued share capital.

5. Dividends

The group's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the group to conserve cash and maintain adequate debt headroom to ensure that the group is best placed to withstand any prolonged adverse economic conditions. Therefore, the board of directors has resolved not to declare a dividend for the financial year ended 31 December 2019 (2018: nil).

6. Insurance and risk management

The group follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the group's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

Directors' Report

7. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality
Roger Hamilton	Italian
Dennis Owen Du Bois	American
Sandra Lee Morrell	Australian
Vilma Lisa Bovio	Italian
Jeremy Justin Harris	Australian

There have been no changes to the directorate for the year under review.

8. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report except for the following event noted:

COVID-19:
During January 2020 the World Health Organisation declared the COVID 19 virus an international pandemic. The virus spread throughout the world with stock market crashes identified during the beginning of March 2020. During the end of March 2020 multiple countries including Seychelles, Mauritius, The United States of America, most European countries, South Africa and numerous other countries went into a national military enforced shut down. These lock downs will put significant strain on the world economy and on companies worldwide. This could lead to an international recession and will cause strain on the companies' ability to gain financing and customers in the hospitality industry.

Management is aware of the COVID-19 pandemic and has in place various factors that will ensure that the company will continue trading:

The provision of entrepreneur services will prove highly sought after as to assist businesses that are affected by the COVID-19 pandemic.

Cashflow: The company has had a strong start to the 2020 year and has sufficient cashflow to meet our requirements going forward.

Expenditure: The company is privileged to be earning revenue in USD while the bulk of our expenditure is in South African Rands, Singapore Dollars and Indonesian Rupees. Under the current circumstances, the executive team will maintain tight fiscal discipline, whilst ensuring at all times that the focus remains on the performance of the existing portfolio and meeting the expectations of our investors.

10. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

11. Litigation statement

The goup becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The group is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

Directors' Report

12. Secretary

The company secretary is PKF Capital.

13. Terms of appointment of the auditors

PKF Octagon Inc. continued in office as auditors.
At the AGM, the shareholders will be requested to reappoint PKF Octagon Inc. as the independent external auditors of the company and to confirm Mr Henico Schalekamp as the designated lead audit partner for the 2020 financial year.

14. Sponsor Advisor

PKF Capital Markets (Seychelles) Limited acts as sponsor to the group in terms of MERJ Exchange Limited's regulations.

15. Transfer of securities

MERJ Depository and Registry Limited acts as registrar for the transfer of securities of the group.

16. Directors fees

Directors payments for services as directors and other emoluments for the past reporting periods as set out in note 28.

17. Directors' interests in shares

As at 31 December 2019, the directors of the company held direct and indirect beneficial interests in 5% (2018: -%) of its issued ordinary shares, as set out below. No director holds 1% or more of the ordinary shares of the group.

The register of interests of directors and others in shares of the group is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

18. Holding company

The group's holding company is Entrepreneur Resorts Limited which holds 100% (2018: 100%) of the group's equity. Entrepreneur Resorts Limited is incorporated in Seychelles.

19. Date of authorisation for issue of financial statements

The consolidated financial statements have been authorised for issue by the directors on 31 May 2020. No authority was given to anyone to amend the consolidated financial statements after the date of issue.

Independent Auditor's Report

To the shareholders of Entrepreneur Resorts Group Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Entrepreneur Resorts Group Limited set out on pages 11 to 50, which comprise the consolidated statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Entrepreneur Resorts Group Limited as at 31 December 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of consolidated financial statements in Seychelles. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Seychelles. 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 note 9 in the directors' report and note 31 in the financial statements. Subsequent to 31 December 2019 there has been a worldwide escalation in the number of COVID-19 cases which could potentially have a negative impact on Seychelles businesses in general, including Entrepreneur Resorts Limited. We consider the impact of the COVID-19 pandemic to be minimal as management is aware of the COVID-19 pandemic and has in place various factors that will ensure that the company will continue trading regardless of the level of the pandemic. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

To the shareholders of Entrepreneur Resorts Group Limited

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
At 31 December 2019, the Group has goodwill with a carrying value of US$23.1 million, recognised as a result of the acquisition of various subsidiaries in previous periods. In terms of IAS 36 Impairment of Assets, management are required to perform an impairment test on goodwill at least annually. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined that this is a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test.	In considering the appropriateness of management's judgement and estimation used in the annual impairment test, we performed the following audit procedures: - Reviewed the model for compliance with IAS 36 Impairment of Assets; - Assessed the determination of Cash Generating Units based on our understanding of how management monitors the Group's operations and make decisions about groups of assets that generate independent cash flows; - Verified the mathematical accuracy and appropriateness of the methodology applied in the underlying model and calculations; - Checked the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry; - Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process; - Assessed the key assumptions applied by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group; and - Performed a sensitivity analysis of the key assumptions applied in the model and considered the potential impact of reasonably possible downside changes in these key assumptions. We furthermore assessed the adequacy of the disclosure about these assumptions to which the outcome of the annual impairment test is most sensitive. That is, those disclosures that have the most significant effect on the determinations of the recoverable amount of goodwill.

Independent Auditor's Report

To the shareholders of Entrepreneur Resorts Group Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Entrepreneur Resorts Group Limited consolidated financial statements for the year ended 31 December 2019", which includes the Directors' Report as required by the International Business Companies Act of 2016 and the Consolidated Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

To the shareholders of Entrepreneur Resorts Group Limited

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

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

PKF Octagon Inc.
Director: Henico Schalekamp
Registered Auditor
31 May 2020
Johannesburg

Consolidated Statement of Financial Position as at 31 December 2019

Figures in US Dollar	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	1 810 168	1 492 875
Right-of-use assets	4	1 196 955	-
Goodwill	5	23 126 918	18 568 373
Intangible assets	6	7	7
Investment at fair value	7	1 405 889	-
Other financial assets	8	356 674	-
Deferred tax	9	196 366	320 113
		28 092 977	**20 381 368**
Current Assets			
Inventories	10	119 516	91 726
Trade and other receivables	11	1 542 736	1 052 342
Prepayments	12	109 821	43 393
Cash and cash equivalents	13	2 540 056	2 488 543
		4 312 129	**3 676 004**
Total Assets		**32 405 106**	**24 057 372**
Equity and Liabilities			
Equity			
Share capital	14	12 890 064	12 059 127
Reserves		1 757 606	(148 025)
Retained income		12 685 698	8 474 374
		27 333 368	**20 385 476**
Liabilities			
Non-Current Liabilities			
Loans from related parties	19	168 001	106 806
Other financial liabilities	20	1 000 000	1 500 000
Lease liabilities	4	761 922	-
Provision for reinstatement cost	21	96 645	-
		2 026 568	**1 606 806**
Current Liabilities			
Trade and other payables	22	2 625 662	2 065 090
Lease liabilities	4	419 508	-
		3 045 170	**2 065 090**
Total Liabilities		**5 071 738**	**3 671 896**
Total Equity and Liabilities		**32 405 106**	**24 057 372**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Figures in US Dollar	Note(s)	2019	2018
Revenue	23	4 792 446	4 724 827
Cost of sales	24	(1 434 027)	(1 514 792)
Gross profit		**3 358 419**	**3 210 035**
Other operating income	25	5 293 459	3 501 334
Other operating gains	26	27 480	1 317 744
Other operating expenses		(4 231 384)	(3 733 204)
Operating profit	27	**4 447 974**	**4 295 909**
Investment income	28	104 427	131 668
Finance costs	29	(190 068)	(9 812)
Profit before taxation		**4 362 333**	**4 417 765**
Taxation		(151 009)	193 287
Profit for the year		**4 211 324**	**4 611 052**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Investments at fair value through other comprehensive income		782 976	-
Other comprehensive income for the year net of taxation		**782 976**	**-**
Total comprehensive income for the year		**4 994 300**	**4 611 052**
Weighted average number of shares		11 975 060	11 742 239
Basic earnings per share	28	0.42	0.39
Healine earnings per share	28	0.19	0.39

Consolidated Statement of Changes in Equity

Figures in US Dollar	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Fair value adjustment	Treasury shares	Convertible instruments reserve	Total reserves	Retained income	Total equity
Balance at 01 January 2018	**78 582**	**7 779 585**	**7 858 167**	**(175 188)**	**-**	**-**	**-**	**(175 188)**	**3 863 322**	**11 546 301**
Profit for the year	-	-	-	-	-	-	-	-	4 611 052	4 611 052
Other comprehensive income	-	-	-	27 163	-	-	-	27 163	-	27 163
Total comprehensive income for the year	**-**	**-**	**-**	**27 163**	**-**	**-**	**-**	**27 163**	**4 611 052**	**4 638 215**
Issue of shares	41 169	4 159 791	4 200 960	-	-	-	-	-	-	4 200 960
Total contributions by and distributions to owners of company recognised directly in equity	**41 169**	**4 159 791**	**4 200 960**	**-**	**-**	**-**	**-**	**-**	**-**	**4 200 960**
Balance at 01 January 2019	**119 751**	**11 939 376**	**12 059 127**	**(148 025)**	**-**	**-**	**-**	**(148 025)**	**8 474 374**	**20 385 476**
Profit for the year	-	-	-	-	-	-	-	-	4 211 324	4 211 324
Other comprehensive income	-	-	-	(202 805)	782 976	-	-	580 171	-	580 171
Total comprehensive income for the year	**-**	**-**	**-**	**(202 805)**	**782 976**	**-**	**-**	**580 171**	**4 211 324**	**4 791 495**
Issue of shares	-	830 937	830 937	-	-	-	-	-	-	830 937
Purchase of treasury shares	-	-	-	-	-	(709 373)	-	(709 373)	-	(709 373)
Convertible bond - equity component	-	-	-	-	-	-	2 034 833	2 034 833	-	2 034 833
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**830 937**	**830 937**	**-**	**-**	**(709 373)**	**2 034 833**	**1 325 460**	**-**	**2 156 397**
Balance at 31 December 2019	**119 751**	**12 770 313**	**12 890 064**	**(350 830)**	**782 976**	**(709 373)**	**2 034 833**	**1 757 606**	**12 685 698**	**27 333 368**
Note(s)	14	14	14	15	15	16	17			

Consolidated Statement of Cash Flows

Figures in US Dollar	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	31	5 380 989	2 370 491
Interest income		104 427	131 668
Finance costs		(190 068)	(9 812)
Tax received		-	(100 333)
Net cash from operating activities		**5 295 348**	**2 392 014**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(643 866)	(66 396)
Sale of property, plant and equipment	3	3 545	35 502
Proceeds from loans from related parties		-	106 806
Purchase of investments		(5 964 434)	-
Loans advanced/repayment on third party loans		(356 674)	3 881 918
Loans advanced to related parties		(106 806)	-
Repayment of other financial liabilities		(331 999)	-
Net cash from investing activities		**(7 400 234)**	**3 957 830**
Cash flows from financing activities			
Proceeds on share issue		830 937	4 200 960
Buy back of shares	16	(709 373)	-
Repayment of other financial liabilities		-	(10 336 569)
Proceeds from convertible loan		2 034 835	-
Proceeds from shareholders loan		-	278 936
Repayment of shareholders loan		-	(278 936)
Net cash from financing activities		**2 156 399**	**(6 135 609)**
Total cash movement for the year		**51 513**	**214 235**
Cash at the beginning of the year		2 488 543	2 274 308
Total cash at end of the year	13	**2 540 056**	**2 488 543**

Accounting Policies

Corporate information

Entrepreneur Resorts Group Limited is a public limited company incorporated and domiciled in Seychelles.

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 31 May 2020.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 Basis of preparation

The consolidated financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated financial statements and the International Business Companies Act of 2016.

The consolidated financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Accounting Policies

1.2 Consolidation (continued)

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

A valuation committee was established in order to determine the appropriate valuation techniques and inputs for each valuation. The committee reports to the CFO. Significant valuation issues are reported to the audit committee.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note and note .

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	20 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Curtaining, crockery, glassware and linen	Straight line	5 years

Accounting Policies

1.4 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Leasehold right	Straight line	35 years

Accounting Policies

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Other financial assets (note 8) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 28).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Accounting Policies

1.6 Financial instruments (continued)

- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 35).

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Accounting Policies

1.6 Financial instruments (continued)

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 35).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Accounting Policies

1.6 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 28).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 35).

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Accounting Policies

1.6 Financial instruments (continued)

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 7. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments) , depending on their classification.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses).

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Borrowings and loans from related parties

Classification

Loans from related parties (note 19) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

Accounting Policies

1.6 Financial instruments (continued)

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 29.)

Borrowings expose the company to liquidity risk. Refer to note 35 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 35).

Trade and other payables

Classification

Trade and other payables (note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 29).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Accounting Policies

1.7 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Accounting Policies

1.8 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 29).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Accounting Policies

1.8 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Consolidated Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.9 Leases (Comparatives under IAS 17)

The following accounting policy applies to the comparative disclosures of leases. The company has adopted IFRS 16 in the current year, but has not restated the comparatives. These accounting policies are prepared on the basis of IAS 17. Refer to the note on changes in accounting policies for details of the impact of the adoption of IFRS 16 on these financial statements.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Accounting Policies

1.10 Inventories (continued)

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the group's right to recover products from customers where customers exercise their right of return under the group's returns policy. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.11 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Sales of goods - retail
- Service revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Sale of goods - retail

Revenue is recognised at a point in time for sales of goods.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases accomodation, food, beverages, and spa treatments at a resort or cafe. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	01 January 2019	Immaterial impact
• Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28	01 January 2019	Immaterial impact
• Prepayment Features with Negative Compensation - Amendment to IFRS 9	01 January 2019	Immaterial impact
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Immaterial impact
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Immaterial impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Immaterial impact
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Immaterial impact
• IFRS 16 Leases	01 January 2019	Immaterial impact

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date still to be determined	Immaterial impact
• Definition of a business - Amendments to IFRS 3	01 January 2020	Immaterial impact
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Immaterial impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Immaterial impact
• IFRS 17 Insurance Contracts	01 January 2021	Immaterial impact

The aggregate impact of the initial application of the statements and interpretations on the group's consolidated financial statements is expected to be immaterial.

Notes to the Consolidated Financial Statements

3. Property, plant and equipment

	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land	6 034	-	6 034	5 769	-	5 769
Buildings	443 847	(51 557)	392 290	295 376	(35 760)	259 616
Leasehold property	2 635 847	(1 783 946)	851 901	2 292 507	(1 538 842)	753 665
Plant and machinery	95 919	(65 250)	30 669	71 503	(58 113)	13 390
Furniture and fixtures	610 702	(380 042)	230 660	485 449	(246 482)	238 967
Motor vehicles	393 971	(258 121)	135 850	256 255	(182 200)	74 055
Office equipment	28 804	(16 013)	12 791	5 713	(4 354)	1 359
IT equipment	83 500	(53 023)	30 477	48 361	(32 608)	15 753
Spa equipment, curtains, crockery, glassware and linen	279 964	(160 468)	119 496	242 470	(112 169)	130 301
Total	**4 578 588**	**(2 768 420)**	**1 810 168**	**3 703 403**	**(2 210 528)**	**1 492 875**

Reconciliation of property, plant and equipment - 2019

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	5 769	265	-	-	6 034
Buildings	259 616	147 815	-	(15 141)	392 290
Leasehold property	753 665	338 531	-	(240 295)	851 901
Plant and machinery	13 390	27 824	(3 309)	(7 236)	30 669
Furniture and fixtures	238 967	14 372	-	(22 679)	230 660
Motor vehicles	74 055	70 791	-	(8 996)	135 850
Office equipment	1 359	16 658	(214)	(5 012)	12 791
IT equipment	15 753	18 682	-	(3 958)	30 477
Spa equipment, curtains, crockery, glassware and linen	130 301	8 928	(22)	(19 711)	119 496
	1 492 875	**643 866**	**(3 545)**	**(323 028)**	**1 810 168**

Reconciliation of property, plant and equipment - 2018

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	6 200	-	(431)	-	5 769
Buildings	294 687	-	(35 071)	-	259 616
Leasehold property	985 524	27 756	-	(181 407)	753 665
Plant and machinery	10 015	3 375	-	-	13 390
Furniture and fixtures	285 099	-	-	(46 132)	238 967
Motor vehicles	56 371	35 265	-	(17 581)	74 055
Office equipment	2 147	-	-	(788)	1 359
IT equipment	21 199	-	-	(5 446)	15 753
Computer software	2 228	-	-	(2 228)	-
Spa equipment, curtains, crockery, glassware and linen	162 495	-	-	(32 194)	130 301
	1 825 965	**66 396**	**(35 502)**	**(285 776)**	**1 492 875**

Notes to the Consolidated Financial Statements

4. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	1 196 955	-
	2 048 856	**-**

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	446 241	-
Two to five years	780 920	-
	1 227 161	-
Less finance charges component	(45 731)	-
	1 181 430	**-**
Non-current liabilities	761 922	-
Current liabilities	419 508	-
	1 181 430	**-**

The lease term is 38 months with monthly lease payments of US Dollar 50 175 per month at an interest rate of 2.7% per annum.

Exposure to liquidity risk

Refer to note 35 Financial instruments and risk management for the details of liquidity risk exposure and management.

Exposure to currency risk

Refer to note 35 Financial instruments and financial risk management for details of currency risk management for lease liabilities.

5. Goodwill

	2019			2018		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	23 126 918	-	23 126 918	18 568 373	-	18 568 373

Reconciliation of goodwill - 2019

	Opening balance	**Additions through business combinations**	**Other changes**	**Impairment loss**	**Total**
Goodwill	18 568 373	2 864 145	1 694 400	-	23 126 918

Notes to the Consolidated Financial Statements

5. Goodwill (continued)

Reconciliation of goodwill - 2018

	Opening balance	Impairment loss	Total
Goodwill	18 568 373	-	18 568 373

6. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Leasehold right	7	-	7	7	-	7

Reconciliation of intangible assets - 2019

	Opening balance	Total
Leasehold right	7	7

Reconciliation of intangible assets - 2018

	Opening balance	Foreign exchange movements	Total
Leasehold right	8	(1)	7

Other information

The leasehold right relates to Tau Game Lodge Proprietary Limited and is for the concession of 2 000 hectares of an exclusive rights area in the Madikwe Game Reserve which expires on the 30th of November 2034.

7. Investment at fair value

Investments held by the company which are measured at fair value, excluding derivatives are as follows:

Debt investments at fair value through profit or loss	1 405 889	-
Designated at fair value through profit or loss:		
GeniusU Pte Limited	1 405 889	-
	1 405 889	**-**

Split between non-current and current portions

Non-current assets	1 405 889	-

Notes to the Consolidated Financial Statements

8. Other financial assets

Loans and receivables		
Genius Group Limited	9 823	-
GeniusU Pte Limited	162 377	-
Beach Republic	183 749	-
Felicity Hotel	725	-
	356 674	**-**

The above loans are unsecured, bear interest as agreed by the parties from time to time and are not repayable within the next twelve months.

Non-current assets		
Loans and receivables	356 674	-

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

9. Deferred tax

Deferred tax liability

Property plant and equipment	196 366	320 113

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	196 366	320 113

Reconciliation of deferred tax asset / (liability)

At beginning of year	320 113	-
Taxable / (deductible) temporary difference movement on tangible fixed assets	(123 747)	320 113
	196 366	**320 113**

10. Inventories

Raw materials, components	47 226	31 182
Merchandise	65 097	50 593
Consumables	7 193	9 951
	119 516	**91 726**

11. Trade and other receivables

Financial instruments:		
Trade receivables	198 155	712 217
Deposits	575 300	32 724
Staff loans	1 810	-
Other receivables	6 501	160 970
Non-financial instruments:		
Prepayments	760 970	146 431
Total trade and other receivables	**1 542 736**	**1 052 342**

Notes to the Consolidated Financial Statements

11. Trade and other receivables (continued)

Split between non-current and current portions

Current assets	1 542 736	1 052 342

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	781 766	905 911
Non-financial instruments	760 970	146 431
	1 542 736	**1 052 342**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 90 days (2018: 90 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. The company assessed the expected credit losses relating to the trade receivables not to be material and therefore no loss allowance was recognised.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

12. Prepayments

Prepaid expenses	109 821	43 393

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 165	7 407
Bank balances	2 530 891	2 481 136
	2 540 056	**2 488 543**

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

13. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates: The most recent credit rating for Barclays Seychelles was rated at BB and Afrasia Mauritius bank as A+.

14. Share capital

Authorised		
500 000 000 Ordinary shares of US$ 0.01 each	5 000 000	5 000 000
Issued		
11 975 060 Ordinary shares of US$ 0.01 each	119 751	119 751
Share premium	12 770 313	11 939 376
	12 890 064	**12 059 127**

15. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Exchange differences on consolidation of foreign subsidiaries	(350 830)	(148 025)

16. Fair value adjustment on financial instruments

Financial instruments at fair value	782 976	-

17. Treasury shares

Share buy-back	(709 373)	-

18. Convertible instruments reserve

Equity component of convertible loan	2 034 833	-

19. Loans from related parties

Fellow subsidiaries

Wealth Dynamics Pte Limited	168 001	105 051
Roger James Hamilton	-	1 755
	168 001	**106 806**

The above loans are unsecured, bear interest as agreed by the parties from time to time and are not repayable within the next twelve months.

Split between non-current and current portions

Non-current liabilities	168 001	106 806

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

19. Loans from related parties (continued)

Exposure to currency risk

Refer to note 23 Financial instruments and financial risk management for details of currency risk management for group loans payable.

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

20. Other financial liabilities

Gerard Corporation Proprietary Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	1 000 000	1 500 000

Split between non-current and current portions

Non-current liabilities	1 000 000	1 500 000

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to currency risk

Refer to note 35 Financial instruments and financial risk management for details of currency risk management.

Exposure to interest rate risk

Refer to note 35 Financial instruments and financial risk management for details of interest rate risk management for financial liabilities at fair value.

21. Provision for reinstatement cost

The provision relates to future reinstatement costs.

22. Trade and other payables

Financial instruments:		
Trade payables	991 469	159 658
Other taxation payable	124 222	257 635
North West Parks Board	986 516	755 315
Accrued expenses	149 667	57 625
Accrued audit fees	1 707	-
Deposits received	881	427 781
Sundry payables	11 497	10 991
Non-financial instruments:		
Amounts received in advance	325 765	347 803
VAT	33 938	48 282
	2 625 662	**2 065 090**

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

22. Trade and other payables (continued)

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	2 265 960	1 669 005
Non-financial instruments	359 703	396 085
	2 625 663	**2 065 090**

Exposure to currency risk

Refer to note 35 Financial instruments and financial risk management for details of currency risk management for trade payables.

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 35 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

23. Revenue

Revenue from contracts with customers		
Sale of goods - retail	1 796 961	1 525 704
Rendering of services	2 995 485	3 199 123
	4 792 446	**4 724 827**

24. Cost of sales

Sale of goods	703 831	654 886
Rendering of services	730 196	859 906
	1 434 027	**1 514 792**

25. Other operating income

Administration and management fees received	12 458	13 580
Other income	80 977	769 520
ER Investor accommodation	-	15 215
Sponsorship income	150 000	-
Sundry income	-	2 703 019
Unrealised capital gain	2 724 600	-
Loans written-off	2 325 424	-
	5 293 459	**3 501 334**

Notes to the Consolidated Financial Statements

Figures in US Dollar		2019	2018

26. Other operating gains

Gains on disposals, scrappings and settlements			
Property, plant and equipment	3	103	-
Foreign exchange gains			
Net foreign exchange gains		27 377	1 317 744
Total other operating gains		**27 480**	**1 317 744**

27. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	43 928	61 307
Adjustment for previous year	485	-
Tax and secretarial services	4 465	-
	48 878	**61 307**
Remuneration, other than to employees		
Administrative and managerial services	6 229	-
Consulting and professional services	331 991	321 525
	338 220	**321 525**
Employee costs		
Salaries, wages, bonuses and other benefits	1 684 773	1 434 871
Travel allowance	381	892
Total employee costs	**1 685 154**	**1 435 763**
Leases		
Operating lease charges		
Premises	349 708	379 879
Equipment	5 032	2 536
Other	3 311	8 633
	358 051	**391 048**
Depreciation and amortisation		
Depreciation of property, plant and equipment	323 028	285 776
Depreciation of right-of-use assets	179 399	-
Amortisation of leasehold property	876	-
Total depreciation and amortisation	**503 303**	**285 776**
Other		
Platform fees	130 918	-
Repairs and maintenance	118 502	133 709
Municipal expenses	122 964	122 510

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

28. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	1 996	131 668
Other financial assets - loans	102 431	-
Total interest income	**104 427**	**131 668**

29. Finance costs

Lease liabilities	11 201	-
Other interest paid - loans	178 867	9 812
Total finance costs	**190 068**	**9 812**

30. Earnings per share

Basic earnings per share (cents)	42	39
The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue.		
Weighted average number of ordinary shares (basic)		
Issued at the beginning of the year	11 975 060	11 509 417
Issued in current year	-	232 822
	11 975 060	11 742 239
Basic earnings	-	-
Profit attributable to ordinary shareholders	4 994 300	4 611 052
Headline earnings per share (cents)	19	39
The calculation of headline earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue as determined above in basic earnings per share section.		
Reconciliation between basic earnings and headline earnings		
Basic earnings	4 994 300	4 611 052
Adjusted for:		
Unrealised capital gain	(2 724 600)	-
	2 269 700	4 611 052

Diluted earnings per share
There are no dilutive instruments and therefore diluted earnings per share is the same as basic earnings per share.

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

31. Cash generated from operations

Profit before taxation	4 362 333	4 417 765
Adjustments for:		
Depreciation and amortisation	503 303	285 776
Gains on disposals, scrappings and settlements of assets and liabilities	(103)	-
Gains on foreign exchange	(207 430)	(1 295 429)
Interest income	(104 427)	(131 668)
Finance costs	190 068	9 812
Fair value losses	580 170	-
Movements in operating lease assets and accruals	(15 525)	-
Movements in provisions	96 645	-
Changes in working capital:		
Inventories	(27 790)	19 364
Trade and other receivables	(490 394)	(408 816)
Prepayments	(66 428)	(43 393)
Trade and other payables	560 567	(482 920)
	5 380 989	**2 370 491**

32. Movement in investments (incl subs, JVs & Assoc)

Fair value of assets acquired		
Goodwill	23 126 918	18 568 373
Costs directly attributable to the acquisition	(23 126 918)	(18 568 373)
	-	**-**

33. Related parties

Relationships

Entity with common director	Wealth Dynamics Pte Limited
Members of key management	Roger Hamilton
	Dennis Owen Du Bois
	Sandra Lee Morrell
	Vilma Lisa Bovio
	Jeremy Justin Harris

Related party balances

Loan accounts - Owing to related parties		
Wealth Dynamics Pte Limited	168 001	105 051
Roger James Hamilton	-	1 755
Compensation to directors and other key management		
Directors' fees	213 560	215 088

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

34. Directors' emoluments

Non-executive

2019

	Directors' fees	Total
Roger Hamilton	50 565	50 565
Dennis Owen Du Bois	24 000	24 000
Sandra Lee Morrell	89 507	89 507
Vilma Lisa Bovio	24 000	24 000
Jeremy Justin Harris	25 488	25 488
	213 560	**213 560**

2018

	Directors' fees	Total
Roger Hamilton	49 378	49 378
Dennis Owen Du Bois	24 000	24 000
Sandra Lee Morrell	90 468	90 468
Vilma Lisa Bovio	24 000	24 000
Jeremy Justin Harris	27 242	27 242
	215 088	**215 088**

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Investments at fair value	7	1 405 889	-	1 405 889	1 405 889
Trade and other receivables	11	-	781 766	781 766	781 766
Cash and cash equivalents	13	-	2 541 860	2 541 860	2 541 860
		1 405 889	**3 323 626**	**4 729 515**	**4 729 515**

2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	11	905 911	905 911	905 911
Cash and cash equivalents	13	2 488 543	2 488 543	-
		3 394 454	**3 394 454**	**905 911**

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

35. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

2019

	Note(s)	**Amortised cost**	**Total**
Recognised in profit or loss:			
Interest income	28	104 427	104 427

2018

	Note(s)	**Amortised cost**	**Total**
Recognised in profit or loss:			
Interest income	28	131 668	131 668

Gains and losses on financial liabilities

2019

	Note(s)	**Amortised cost**	**Leases**	**Total**
Recognised in profit or loss:				
Finance costs	29	(178 867)	(11 201)	(190 068)

2018

	Note(s)	**Amortised cost**	**Total**
Recognised in profit or loss:			
Finance costs	29	(9 812)	(9 812)

Notes to the Consolidated Financial Statements

Figures in US Dollar		2019	2018

35. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital and working capital) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the company at the reporting date was as follows:

Loans from group companies	19	168 001	106 806
Financial liabilities at fair value	20	1 000 000	1 500 000
Lease liabilities		1 181 430	-
Trade and other payables	22	2 625 660	2 065 093
Total borrowings		**4 975 091**	**3 671 899**
Cash and cash equivalents	13	(2 540 056)	(2 488 543)
Net borrowings		**2 435 035**	**1 183 356**
Equity		27 333 372	20 385 475
Gearing ratio		9 %	6 %

35. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable and trade and other receivables.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 90 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

35. Financial instruments and risk management (continued)

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Investments at fair value through profit or loss	7	1 405 889	-	1 405 889	-	-	-
Trade and other receivables	11	781 766	-	781 766	905 911	-	905 911
Cash and cash equivalents	13	2 541 860	-	2 541 860	2 488 543	-	2 488 543
		4 729 515	**-**	**4 729 515**	**3 394 454**	**-**	**3 394 454**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2019

		Less than 1 year	**2 to 5 years**	**Total**	**Carrying amount**
Non-current liabilities					
Loans from group companies	19	-	25 000	25 000	168 001
Financial liabilities at fair value	20	-	1 026 776	1 026 776	1 000 000
Lease liabilities		-	-	-	761 922
Current liabilities					
Trade and other payables	13	182 724	-	182 724	2 265 957
Lease liabilities		-	-	-	419 508
Bank overdraft	13	-	-	-	1 804
		(182 724)	**(1 051 776)**	**(1 234 500)**	**(4 617 192)**

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

35. Financial instruments and risk management (continued)

2018

		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Loans from group companies	19	-	-	-	106 806
Financial liabilities at fair value	20	-	1 605 051	1 605 051	1 500 000
Current liabilities					
Trade and other payables	22	33 654	-	33 654	1 669 008
		(33 654)	**(1 605 051)**	**(1 638 705)**	**(3 275 814)**

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars, Singapore Dollars, Indonesian Rupees and South African Rands.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rate swaps are also used where appropriate, in order to convert borrowings into either variable or fixed, in order to manage the composition of the ratio. Interest rates on all borrowings compare favourably with those rates available in the market.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

36. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

Figures in US Dollar		2019	2018

36. Fair value information (continued)

Levels of fair value measurements

Level 3

Recurring fair value measurements

Other financial liabilities	20		
Gerard Corporation Proprietary Limited		1 000 000	1 500 000
Total		**(1 000 000)**	**(1 500 000)**

Notes to the Consolidated Financial Statements

Figures in US Dollar	2019	2018

37. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

During January 2020 the World Health Organisation declared the COVID 19 virus an international pandemic. The virus spread throughout the world with stock market crashes identified during the beginning of March 2020. During the end of March 2020 multiple countries including Seychelles, Mauritius, The United States of America, most European countries, South Africa and numerous other countries went into a national military enforced shut down. These lock downs will put significant strain on the world economy and on companies worldwide. This could lead to an international recession and will cause strain on the companies' ability to gain financing and customers in the hospitality industry.

Management is aware of the COVID-19 pandemic and has in place various factors that will ensure that the company will continue trading:

The provision of entrepreneur services will prove highly sought after as to assist businesses that are affected by the COVID-19 pandemic.

Cashflow: The company has had a strong start to the 2020 year and has sufficient cashflow to meet our requirements going forward.

Expenditure: The company is privileged to be earning revenue in USD while the bulk of our expenditure is in South African Rands. Under the current circumstances, the executive team will maintain tight fiscal discipline, whilst ensuring at all times that the focus remains on the performance of the existing portfolio and meeting the expectations of our investors.

Consolidated Detailed Income Statement

Figures in US Dollar	Note(s)	2019	2018
Revenue			
Sale of goods		1 796 961	1 525 704
Rendering of services		2 995 485	3 199 123
	23	**4 792 446**	**4 724 827**
Cost of sales			
Opening stock		(60 544)	-
Purchases		(1 445 773)	(1 575 336)
Closing stock		72 290	60 544
	24	**(1 434 027)**	**(1 514 792)**
Gross profit		**3 358 419**	**3 210 035**
Other operating income			
Administration and management fees received		12 458	13 580
Other income		80 977	769 520
ER Investor accommodation		-	15 215
Sponsorship income		150 000	-
Sundry income		-	2 703 019
Unrealised capital gain		2 724 600	-
Loans written-off		2 325 424	-
	25	**5 293 459**	**3 501 334**
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		103	-
Foreign exchange gains		27 377	1 317 744
	26	**27 480**	**1 317 744**
Expenses (Refer to page 52)		**(4 231 384)**	**(3 733 204)**
Operating profit	27	**4 447 974**	**4 295 909**
Investment income	28	104 427	131 668
Finance costs	29	(190 068)	(9 812)
Profit before taxation		**4 362 333**	**4 417 765**
Taxation		(151 009)	193 287
Profit for the year		**4 211 324**	**4 611 052**

Consolidated Detailed Income Statement

Figures in US Dollar	Note(s)	2019	2018
Other operating expenses			
Administration and management fees		6 229	-
Advertising		75 009	78 386
Amortisation		876	-
Auditors remuneration - external auditors	27	48 878	61 307
Bad debts		254	-
Bank charges		62 635	45 612
Cleaning		31 657	33 653
Commission paid		47 753	33 168
Consulting and professional fees		289 169	273 014
Consulting and professional fees - accounting		25 902	22 221
Consulting and professional fees - legal fees		16 920	26 290
Contractors fees		65 497	-
Depreciation		502 427	285 776
Donations		2 607	3 241
Employee costs		1 685 154	1 435 763
Entertainment		3 664	37 619
Fines and penalties		3 210	-
Flowers		2 452	2 505
General expenses		545	-
IPO listing expenses		28	-
IT expenses		76 698	72 332
Insurance		104 984	99 616
Investor program charges		-	38 940
Lease rentals on operating lease		358 051	391 048
Medical expenses		531	1 254
Motor vehicle expenses		61 782	63 892
Municipal expenses		122 964	122 510
Platform fees		130 918	-
Postage		7 976	8 511
Printing and stationery		14 902	13 869
Promotions		97 094	63 149
Repairs and maintenance		118 502	133 709
Staff welfare		63 739	71 657
Subscriptions		32 680	20 651
Telephone and fax		18 297	14 927
Training		12 136	603
Transport and freight		11 881	12 726
Travel - local		7 409	9 225
Travel - overseas		10 140	2 441
Venue hire		109 834	253 589
		4 231 384	**3 733 204**

Entrepreneur Resorts Limited Group
Consolidated Annual Financial Statements
for the year ended 31 December 2018

General Information

Country of incorporation and domicile	Seychelles
Nature of business and principal activities	The company is a Seychelles incorporated public company, listed on the Seychelles Securities Exchange (Trop-X (Seychelles) Limited) and engaged principally in the hospitality industry.
Directors	Roger Hamilton Dennis Owen Du Bois Sandra Lee Morrell Vilma Lisa Bovio Jeremy Justin Harris
Registered office	Global Gateway 8 Rue de la Perle Providence, Mahe Seychelles
Business address	Global Gateway 8 Rue de la Perle Providence, Mahe Seychelles
Holding company	Entrepreneur Resorts Limited incorporated in Seychelles
Auditor	PKF Octagon Inc
Secretary	PKF Capital
Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the International Business Companies Act of 2016.
Issued	31 May 2019

Index

Level of assurance

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the International Business Companies Act of 2016.

Published

31 May 2019

Directors' Responsibilities and Approval

The Directors are required in terms of the International Business Companies Act of 2016 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards. and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the company's cash flow forecast for the year to 31 December 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's consolidated annual financial statements. The consolidated annual financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 5.

The consolidated annual financial statements set out on pages 8 to 29, which have been prepared on the going concern basis, were approved by the board of directors on 31 May 2019 and were signed on their behalf by:

DocuSigned by:
Roger James Hamilton
E75FEF6825AC458...
Director

DocuSigned by:
Jeremy Harris
CDF37B76694F44A...
Director

Independent Auditor's Report

To the shareholders of Entrepreneur Resorts Limited Group

Opinion

We have audited the consolidated annual financial statements of Entrepreneur Resorts Limited Group set out on pages 9 to 28, which comprise the consolidated statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of Entrepreneur Resorts Limited Group as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated annual 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 (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of consolidated annual financial statements in Seychelles. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Seychelles. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
Goodwill imparment testing	
At 31 December 2018, the Group has goodwill with a carrying value of US$18.5 million, recognised as a result of the acquisition of various subsidiaries in previous periods. In terms of IAS 36 Impairment of Assets, management are required to perform an impairment test on goodwill at least annually. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined that this is a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test.	In considering the appropriateness of management's judgement and estimation used in the annual impairment test, we performed the following audit procedures: - Reviewed the model for compliance with IAS 36 Impairment of Assets; - Assessed the determination of Cash Generating Units based on our understanding of how management monitors the Group's operations and make decisions about groups of assets that generate independent cash flows; - Verified the mathematical accuracy and appropriateness of the methodology applied in the underlying model and calculations; - Checked the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry; - Evaluated the cash flow projections and the process by which they were developed,compared the cash flows to the latest Board approved budgets, and assessed the historical accuracy and reasonableness of the budgeting process; - Assessed the key assumptions applied by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group; and - Performed a sensitivity analysis of the key assumptions applied in the model and considered the potential impact of reasonably possible downside changes in these key assumptions.

Key audit matter	How my audit addressed the key audit matter
	We furthermore assessed the adequacy of the disclosure about these assumptions to which the outcome of the annual impairment test is most sensitive. That is, those disclosures that have the most significant effect on the determinations of the recoverable amount of goodwill.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the International Business Companies Act of 2016 as well as the Detailed Income Statement, presented on pages pages 29 to 30. The other information does not include the consolidated annual financial statements and our auditor's report thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Consolidated Annual Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Consolidated Annual Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, We are required to draw attention in our auditor's report to the related disclosures in the consolidated annual 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 consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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

We also provide the Directors 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 my independence, and where applicable, related safeguards.

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

PKF Octagon Inc

PKF Octagon Inc
Director: H Schalekamp
Registered Auditor
31 May 2019
Johannesburg

Directors' Report

The Directors have pleasure in submitting their report on the consolidated annual financial statements of Entrepreneur Resorts Limited Group for the year ended 31 December 2018.

1. Nature of business

Entrepreneur Resorts Limited Group was incorporated in Seychelles with interests in the hospitality industry. The company operates in Seychelles, rest of Africa and Asia.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016.

Full details of the financial position and the results of operations of the company are set out in these consolidated annual financial statements.

3. Share capital

			2018	2017
Authorised			Number of shares	
Ordinary shares			500 000 000	500 000 000

	2018	2017	2018	2017
Issued	$	$	Number of shares	
Ordinary shares	119 751	78 582	11 975 060	7 858 167
Share premium	11 939 376	7 779 585	-	-
	12 059 127	**7 858 167**	**11 975 060**	**7 858 167**

Refer to note 8 of the financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 December 2018.

The board of directors do not recommend the declaration of a dividend for the year.

5. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

6. Directorate

The Directors in office at the date of this report are as follows:

Directors	**Nationality**
Roger Hamilton	Italy
Dennis Owen Du Bois	United States
Sandra Lee Morrell	Australia
Vilma Lisa Bovio	Italy
Jeremy Justin Harris	Australia

Directors' Report

7. Directors' interests in contracts

During the financial year, no contracts were entered into which Directors or officers of the company had an interest and which significantly affected the business of the company.

8. Acquisitions and new operations

There were no significant acquisitions or divestitures during the year ended 31 December 2018.

9. Holding company

The company's holding company is Entrepreneur Resorts Limited which holds 100% of the company's equity. Entrepreneur Resorts Limited is incorporated in the Seychelles.

10. Events after the reporting period

On Monday, 07 January 2019, the company entered into an agreement with Timothy Dean Smith to acquire the entire asset base of Beach Republic (resort and beach club on Lamai Beach, Koh Samui, Thailand) for $8 000 000.

On Wednesday, 09 January 2019, the company paid a deposit of $100 000 in respect of the acquisition.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

11. Going concern

The Directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12. Litigation statement

The company may become involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

13. Secretary

The company secretary is PKF Capital.

Business address:

Global Gateway 8
Rue de la Perle
Providence, Mahe
Seychelles

14. Date of authorisation for issue of financial statements

The consolidated annual financial statements have been authorised for issue by the Directors on Friday, 31 May 2019. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

Consolidated Statement of Financial Position as at 31 December 2018

Figures in US Dollar	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 492 875	1 825 965
Goodwill	3	18 568 373	18 568 373
Intangible assets	4	7	8
Other financial assets	5	-	2 564 174
Deferred tax	6	320 113	-
		20 381 368	**22 958 520**
Current Assets			
Inventories	7	91 726	111 090
Trade and other receivables	8	1 052 342	643 526
Prepayments		43 393	-
Cash and cash equivalents	9	2 488 543	2 274 310
		3 676 004	**3 028 926**
Total Assets		**24 057 372**	**25 987 446**
Equity and Liabilities			
Equity			
Share capital	10	12 059 127	7 858 167
Reserves	11	(148 025)	(175 188)
Retained income		8 474 374	3 863 322
		20 385 476	**11 546 301**
Liabilities			
Non-Current Liabilities			
Loans from related parties	12	106 806	-
Financial liabilities at fair value	13	1 500 000	8 185 319
		1 606 806	**8 185 319**
Current Liabilities			
Trade and other payables	14	2 065 090	2 548 010
Financial liabilities at fair value	13	-	3 651 250
Current tax payable		-	56 566
		2 065 090	**6 255 826**
Total Liabilities		**3 671 896**	**14 441 145**
Total Equity and Liabilities		**24 057 372**	**25 987 446**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Figures in US Dollar	Note(s)	2018	2017
Revenue	15	4 724 827	3 982 388
Cost of sales	16	(1 514 792)	(1 451 502)
Gross profit		**3 210 035**	**2 530 886**
Other operating income		3 501 334	4 788 787
Other operating gains (losses)		1 317 744	(9 887)
Other operating expenses		(3 733 204)	(3 470 020)
Operating profit	17	**4 295 909**	**3 839 766**
Investment income	18	131 668	35 257
Finance costs		(9 812)	-
Profit before taxation		**4 417 765**	**3 875 023**
Taxation		193 287	(11 701)
Profit for the year		**4 611 052**	**3 863 322**
Total comprehensive income for the year		**4 611 052**	**3 863 322**
Weighted average number of shares	19	11 829 408	3 274 236
Basic earnings per share	19	0.39	1.18
Headline earnings per share	19	0.39	0.42

Consolidated Statement of Changes in Equity

Figures in US Dollar	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Retained income	Total equity
Profit for the year	-	-	-	-	3 863 322	3 863 322
Other comprehensive income	-	-	-	(175 188)	-	(175 188)
Total comprehensive income for the year	**-**	**-**	**-**	**(175 188)**	**3 863 322**	**3 688 134**
Issue of shares	78 582	7 779 585	7 858 167	-	-	7 858 167
Total contributions by and distributions to owners of company recognised directly in equity	**78 582**	**7 779 585**	**7 858 167**	**-**	**-**	**7 858 167**
Balance at 01 January 2018	**78 582**	**7 779 585**	**7 858 167**	**(175 188)**	**3 863 322**	**11 546 301**
Profit for the year	-	-	-	-	4 611 052	4 611 052
Other comprehensive income	-	-	-	27 163	-	27 163
Total comprehensive income for the year	**-**	**-**	**-**	**27 163**	**4 611 052**	**4 638 215**
Issue of shares	41 169	4 159 791	4 200 960	-	-	4 200 960
Total contributions by and distributions to owners of company recognised directly in equity	**41 169**	**4 159 791**	**4 200 960**	**-**	**-**	**4 200 960**
Balance at 31 December 2018	**119 751**	**11 939 376**	**12 059 127**	**(148 025)**	**8 474 374**	**20 385 476**
Note(s)	10	10	10	11		

Consolidated Statement of Cash Flows

Figures in US Dollar	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	20	2 370 491	5 828 435
Interest income		131 668	35 257
Finance costs		(9 812)	-
Tax paid		(100 333)	44 865
Net cash from operating activities		**2 392 014**	**5 908 557**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(66 396)	(2 021 242)
Sale of property, plant and equipment	2	35 502	-
Purchase of other intangible assets	4	-	(8)
Acquisition of subsidiaries, net of cash acquired		-	(18 743 561)
Proceeds from loans from related parties		106 806	-
Movement in financial assets		3 881 918	(2 564 174)
Net cash from investing activities		**3 957 830**	**(23 328 985)**
Cash flows from financing activities			
Proceeds on share issue	10	4 200 960	7 858 167
Decrease in other financial liabilities		(10 336 569)	-
Increase in other financial liabilities		-	11 836 569
Proceeds from shareholders loan		278 936	-
Repayment of shareholders loan		(278 936)	-
Net cash from financing activities		**(6 135 609)**	**19 694 736**
Total cash movement for the year		**214 235**	**2 274 308**
Cash at the beginning of the year		2 274 308	-
Total cash at end of the year	9	**2 488 543**	**2 274 308**

Accounting Policies

Corporate information

Entrepreneur Resorts Limited Group is a public limited company incorporated and domiciled in Seychelles.

The consolidated annual financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on Friday, 31 May 2019.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Consolidated Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.2 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Leasehold property	Straight line	20 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Curtaining, crockery, glassware and linen	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Leasehold property

When the company holds property under a long term prepaid lease agreement, the lease is classified as a finance lease or an operating lease in accordance with the provisions of IAS 17 Leases. Refer to the accounting policy on leases. When these leases are classified as finance leases, the property is capitalised as leasehold property, and is depreciated over the lease term.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

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

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Accounting Policies

1.9 Impairment of assets (continued)

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

Accounting Policies

1.12 Revenue (continued)

- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by .

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Accounting Policies

1.14 Borrowing costs (continued)

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	5 769	-	5 769	6 200	-	6 200
Buildings	295 376	(35 760)	259 616	317 177	(22 490)	294 687
Leasehold property	2 292 507	(1 538 842)	753 665	2 639 958	(1 654 434)	985 524
Plant and machinery	71 503	(58 113)	13 390	74 288	(64 273)	10 015
Furniture and fixtures	485 449	(246 482)	238 967	435 194	(150 095)	285 099
Motor vehicles	256 255	(182 200)	74 055	250 038	(193 667)	56 371
Office equipment	5 713	(4 354)	1 359	6 537	(4 390)	2 147
IT equipment	48 361	(32 608)	15 753	35 809	(14 610)	21 199
Computer software	-	-	-	14 241	(12 013)	2 228
Spa equipment, curtains, crockery, glassware and linen	242 470	(112 169)	130 301	253 352	(90 857)	162 495
Total	**3 703 403**	**(2 210 528)**	**1 492 875**	**4 032 794**	**(2 206 829)**	**1 825 965**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	6 200	-	(431)	-	5 769
Buildings	294 687	-	(35 071)	-	259 616
Leasehold property	985 524	27 756	-	(181 407)	753 665
Plant and machinery	10 015	3 375	-	-	13 390
Furniture and fixtures	285 099	-	-	(46 132)	238 967
Motor vehicles	56 371	35 265	-	(17 581)	74 055
Office equipment	2 147	-	-	(788)	1 359
IT equipment	21 199	-	-	(5 446)	15 753
Computer software	2 228	-	-	(2 228)	-
Spa equipment, curtains, crockery, glassware and linen	162 495	-	-	(32 194)	130 301
	1 825 965	**66 396**	**(35 502)**	**(285 776)**	**1 492 875**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions through business combinations	Depreciation	Total
Land	-	17 864	-	6 200
Buildings	-	294 687	(11 664)	294 687
Leasehold property	-	1 093 965	(108 441)	985 524
Plant and machinery	-	11 232	(1 217)	10 015
Furniture and fixtures	-	305 837	(20 738)	285 099
Motor vehicles	-	86 289	(29 918)	56 371
Office equipment	-	2 906	(759)	2 147
IT equipment	-	26 652	(5 453)	21 199
Computer software	-	2 946	(718)	2 228
Spa equipment, curtains, crockery, glassware and linen	-	178 864	(16 369)	162 495
	-	**2 021 242**	**(195 277)**	**1 825 965**

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

3. Goodwill

	2018			2017		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	18 568 373	-	18 568 373	18 568 373	-	18 568 373

4. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Leasehold right	7	-	7	8	-	8

Reconciliation of intangible assets - 2018

	Opening balance	Foreign exchange movements	Total
Leasehold right	8	(1)	7

Reconciliation of intangible assets - 2017

	Opening balance	Total
Leasehold right	8	8

The leasehold right relates to Tau Game Lodge Proprietary Limited and is for the concession of 2 000 hectares of an exclusive rights area in the Madikwe Game Reserve which expires on the 30th of November 2034.

5. Other financial assets

Loans		
Matla Game Lodge Proprietary Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	531 842
Gerard Corporation Proprietary Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	2 032 332
	-	**2 564 174**
Non-current assets		
Loans and receivables	-	2 564 174

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

6. Deferred tax

Deferred tax liability	320 113	-

Reconciliation of deferred tax asset / (liability)

Taxable / (deductible) temporary difference movement on tangible fixed assets	320 113	-

7. Inventories

Food and beverage	31 182	31 720
Merchandise	50 593	63 838
Consumables	9 951	15 532
	91 726	**111 090**

8. Trade and other receivables

Trade receivables	712 217	432 839
Prepayments	146 431	164 733
Deposits	32 724	41 462
Staff loans	-	4 492
Other receivables	160 970	-
	1 052 342	**643 526**

Split between non-current and current portions

Current assets	1 052 342	643 526

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 407	9 283
Bank balances	2 481 136	2 265 027
	2 488 543	**2 274 310**

10. Share capital

Authorised		
500 000 000 Ordinary shares of US$ 0.01 each	5 000 000	5 000 000
Issued		
11 975 060 Ordinary shares of US$ 0.01 each	119 751	78 582
Share premium	11 939 376	7 779 585
	12 059 127	**7 858 167**

11. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Exchange differences on consolidation of foreign subsidiaries	(148 025)	(175 188)

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

12. Loans from related parties

Wealth Dynamics Pte Ltd The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	(105 051)	-
Roger James Hamilton The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	(1 755)	-
	(106 806)	**-**

13. Financial liabilities at fair value

At fair value through profit (loss)		
Vendor Finance - Gerard Corp Unsecured, interest free loan with no fixed terms of repayment. As a result this loan is recorded at its nominal value.	1 500 000	-
Other financial liability During the previous financial year ended 31 December 2017, Entrepreneur Resorts Limited acquired Genius Café Bali and Vision Villa Bali by way of an issue of 288,750 Ordinary shares at $1 per share and 3 362 500 Ordinary shares at $1 per share At 31 December 2017 the above was recognised as a financial liability and disclosed as a current liability on the Statement of Financial Position. As a result of outstanding KYC requirements these shares was only allotted to the shareholders on 17 April 2018. Entrepreneur Resorts Limited did however take control of Genius Café Bali and Vision Villa Bali during the financial year ended 31 December 2017 and this was reported as a financial asset with the corresponding financial liability. During the year under review the effect of the transaction was as follows: Decrease in other financial liabilities $3 651 250 Increase in share capital $36 512 Increase in share premium $3 614 73	-	3 651 250
	1 500 000	**3 651 250**
Held at amortised cost		
Trunorth Distribution South Africa Proprietary Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	814 056
Gerard Corporation Proprietary Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	6 786 417
Wellson Investments Limited The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	552 388
Luxenbourgh The loan is unsecured, bears interest as agreed by the parties from time to time and is not repayable within the next twelve months.	-	32 458
	-	**8 185 319**
	1 500 000	**11 836 569**

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

13. Financial liabilities at fair value (continued)

Non-current liabilities		
Fair value through profit or loss	1 500 000	-
Amortised cost	-	8 185 319
	1 500 000	**8 185 319**
Current liabilities		
Fair value through profit or loss	-	3 651 250
	1 500 000	**11 836 569**

14. Trade and other payables

Trade payables	159 658	1 389 134
Amounts received in advance	347 803	204 199
VAT	48 282	3 929
Other taxation payables	257 635	28 937
North West Parks Board	755 315	-
Accrued expenses	57 625	793 359
Deposits received	427 781	128 452
Amounts payable to investors	10 991	-
	2 065 090	**2 548 010**

15. Revenue

Sale of goods	1 525 704	1 260 122
Rendering of services	3 199 123	2 722 266
	4 724 827	**3 982 388**

16. Cost of sales

Sale of goods	654 886	551 833
Rendering of services	859 906	899 669
	1 514 792	**1 451 502**

17. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Employee costs		
Salaries, wages, bonuses and other benefits	1 260 967	1 133 087
Directors' emoluments	215 088	50 754
Total employee costs	**1 476 055**	**1 183 841**
Leases		
Operating lease charges		
Premises	379 879	439 576
Equipment	2 536	9 942
Other	8 633	-
	391 048	**449 518**

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

17. Operating profit (loss) (continued)

Depreciation		
Depreciation of property, plant and equipment	285 776	195 277

18. Investment income

Interest income		
From investments in financial assets:		
Bank and other cash	131 668	35 257

19. Earnings per share

Basic earnings per share (cents)	39	118
The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue.		
Weighted average number of ordinary shares (basic)		
Issued at the beginning of the year	11 509 417	3 274 236
Issued in current year	319 991	-
	11 829 408	3 274 236
Basic earnings		
Profit attributable to ordinary shareholders	4 611 052	3 863 322
Headline earnings per share (cents)	39	42
The calculation of headline earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue as determined above in the basic earnings per share section.		
Reconciliation between basic earnings and headline earnings		
Basic earnings	4 500 593	3 863 320
Adjusted for:	-	
Extraordinary gain	-	(2 500 000)
	4 500 593	1 363 320

Diluted earnings per share
There are no dilutive instruments and therefore diluted earnings per share is the same as basic earnings per share.

20. Cash generated from operations

Profit before taxation	4 417 765	3 875 023
Adjustments for:		
Depreciation and amortisation	285 776	195 277
Gains on foreign exchange	(1 295 429)	-
Interest income	(131 668)	(35 257)
Finance costs	9 812	-
Changes in working capital:		
Inventories	19 364	(111 090)
Trade and other receivables	(408 816)	(643 526)
Prepayments	(43 393)	-
Trade and other payables	(482 920)	2 548 008
	2 370 491	**5 828 435**

Figures in US Dollar	2018	2017

21. Interests in subsidiaries

Group

The following table lists the entities which are controlled directly by the company:

Name of company	Held by	Country of incorporation	% voting power 2018	% voting power 2017	% holding 2018	% holding 2017
Entrepreneur Resorts Singapore Pte Limited	Entrepreneur Resorts Limited	Singapore	100.00 %	100.00 %	100.00 %	100.00 %
Genius Cafe Bali	Entrepreneur Resorts Limited	Indonesia	100.00 %	100.00 %	100.00 %	100.00 %
Vision Villa Bali	Entrepreneur Resorts Limited	Indonesia	100.00 %	100.00 %	100.00 %	100.00 %
Tau Game Lodge	Entrepreneur Resorts Limited	South Africa	100.00 %	100.00 %	100.00 %	100.00 %

22. Related parties

Relationships

Entity with common director	Wealth Dynamics Pte Limited
Members of key management	Roger Hamilton
	Dennis Owen Du Bois
	Sandra Lee Morrell
	Vilma Lisa Bovio
	Jeremy Justin Harris

Related party balances

Loan accounts - Owing to related parties		
Wealth Dynamics Pte Limited	(105 051)	-
Roger James Hamilton	(1 755)	-
Compensation to directors and other key management		
Directors' fees	215 088	50 754

23. Directors' emoluments

Non-executive

2018

	Directors' fees	Total
Roger Hamilton	49 378	49 378
Dennis Owen Du Bois	24 000	24 000
Sandra Lee Morrell	90 468	90 468
Vilma Lisa Bovio	24 000	24 000
Jeremy Justin Harris	27 242	27 242
	215 088	**215 088**

2017

	Directors' fees	Total
Dennis Owen Du Bois	16 000	16 000
Vilma Lisa Bovio	16 000	16 000
Jeremy Justin Harris	18 754	18 754
	50 754	**50 754**

Notes to the Consolidated Annual Financial Statements

Figures in US Dollar	2018	2017

24. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

25. Events after the reporting period

On Monday, 07 January 2019, the company entered into an agreement with Timothy Dean Smith to acquire the entire asset base of Beach Republic (resort and beach club on Lamai Beach, Koh Samui, Thailand) for $8 000 000.

On Wednesday, 09 January 2019, the company paid a deposit of $100 000 in respect of the acquisition.

Detailed Income Statement

Figures in US Dollar	Note(s)	2018	2017
Revenue			
Sale of goods		1 525 704	1 260 122
Rendering of services		3 199 123	2 722 266
	15	**4 724 827**	**3 982 388**
Cost of sales			
Opening stock		(79 370)	-
Purchases		(1 495 966)	(1 530 872)
Closing stock		60 544	79 370
	16	**(1 514 792)**	**(1 451 502)**
Gross profit		**3 210 035**	**2 530 886**
Other operating income			
Administration and management fees received		13 580	2 165
Commissions received		-	30 345
Other income		769 520	4 756 277
ER Investor accomodation		15 215	-
Sundry income		2 703 019	-
		3 501 334	**4 788 787**
Other operating gains (losses)			
Foreign exchange gains (losses)		1 317 744	(9 887)
Other operating expenses			
Accounting fees		22 221	34 463
Advertising		78 386	42 004
Auditors remuneration - external auditors		61 307	7 090
Bad debts		-	411
Bank charges		45 612	34 134
Cleaning		33 653	28 997
Commission paid		33 168	148 038
Computer expenses		-	84
Consulting and professional fees		273 014	226 294
Depreciation		285 776	195 277
Donations		3 241	5 839
Employee costs		1 435 763	1 183 841
Entertainment		37 619	18 399
Flowers		2 505	1 427
General expenses		253 589	375 952
IT expenses		72 332	17 799
Insurance		99 616	84 992
Investor program charges		38 940	-
Lease rentals on operating lease		391 048	449 518
Legal fees		26 290	12 466
Medical expenses		1 254	18 125
Motor vehicle expenses		63 892	53 153
Municipal expenses		122 510	136 942
Postage		8 511	7 042
Printing and stationery		13 869	13 641
Promotions		63 149	29 829
Repairs and maintenance		133 709	202 068
Staff welfare		71 657	65 044
Subscriptions		20 651	20 649
Telephone and fax		14 927	28 258

Detailed Income Statement

Figures in US Dollar	Note(s)	2018	2017
Training		603	2 280
Transport and freight		12 726	19 654
Travel - local		9 225	5 541
Travel - overseas		2 441	769
		3 733 204	**3 470 020**
Operating profit	17	**4 295 909**	**3 839 766**
Investment income	18	131 668	35 257
Finance costs		(9 812)	-
Profit before taxation		**4 417 765**	**3 875 023**
Taxation		193 287	(11 701)
Profit for the year		**4 611 052**	**3 863 322**