

Alphageo International Limited and its Subsidiary
Consolidated Financial Statements
March 31, 2019

Alphageo International Limited and its Subsidiary
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March 31, 2019

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Independent Auditor's Report

The Shareholders of Alphageo International Limited

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Opinion

We have audited the consolidated financial statements of Alphageo International Limited and its Subsidiary ("collectively referred as Group"), which comprise of the consolidated statement of financial position as at March 31, 2019, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated 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 accompanying consolidated financial statements, give a true and fair view of the financial position of Alphageo International Limited and its Subsidiary as at March 31, 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in conformity with International Financial Reporting Standards for Small and Medium - sized Entities.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Management for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium - sized Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Continued)

Responsibility of the Management for the Consolidated Financial Statements (Continued)

In preparing the consolidated financial statements, the Management is responsible for assessing the Group'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 Management either intends to liquidate the Group or to cease operations, or has 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 these consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks 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, misrepresentation or override of internal controls.
- Obtain an understanding of internal controls 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 Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide to the Management with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.



EMA Saxena Auditors

Dubai

April 15, 2019



Alphageo International Limited and its Subsidiary
Consolidated Statement of Financial Position
As at March 31, 2019

(Figures in USD)	Note	2019	2018
ASSETS			
Current Assets			
Bank balances	4	3,375,751	2,451,231
Trade accounts receivable	5	104,400	Nil
Other receivable and prepayments	6	30,853	885,527
Inventories		Nil	75,180
Total Current Assets		<u>3,511,004</u>	<u>3,411,938</u>
Non-Current Assets			
Property, plant and equipment	7	<u>2,083,138</u>	<u>2,831,767</u>
Total Non-Current Assets		<u>2,083,138</u>	<u>2,831,767</u>
Total Assets		<u>5,594,142</u>	<u>6,243,705</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Trade accounts and other payable	8	<u>13,767</u>	<u>17,408</u>
Total Current Liabilities		<u>13,767</u>	<u>17,408</u>
Non-Current Liabilities			
Employees' end of service benefit	9	<u>5,200</u>	<u>4,400</u>
Total Non-Current Liabilities		<u>5,200</u>	<u>4,400</u>
Equity			
Share capital	10	2,848,047	2,848,047
Retained earnings		<u>2,727,128</u>	<u>3,373,850</u>
Total Equity Attributable to the Shareholders		<u>5,575,175</u>	<u>6,221,897</u>
Total Liabilities and Equity		<u>5,594,142</u>	<u>6,243,705</u>

These financial statements were approved by the Board of Directors on April 15, 2019 and signed on their behalf by:



Mr. Hamit Ummak
 Director

Alphageo International Limited and its Subsidiary
Consolidated Statement of Comprehensive Income
Year Ended March 31, 2019

(Figures in USD)	Note	2019	2018
Revenue	12	335,433	1,188,704
Direct expenses	13	<u>(855,208)</u>	<u>(1,319,185)</u>
Gross Loss		(519,775)	(130,481)
Other income	14	4,663	37,030
General, administration and selling expenses	15	(116,687)	(231,953)
Finance costs	16	<u>(690)</u>	<u>(2,026)</u>
Loss before tax		(632,489)	(327,430)
Less: Income tax		<u>(14,233)</u>	<u>(49,954)</u>
Loss for the year		<u>(646,722)</u>	<u>(377,384)</u>

Alphageo International Limited and its Subsidiary
Consolidated Statement of Changes in Equity
Year Ended March 31, 2019

(Figures in USD)	Share Capital	Retained Earnings	Total
As at April 01, 2018	2,848,047	3,751,234	6,599,281
Loss for the year	<u>Nil</u>	<u>(377,384)</u>	<u>(377,384)</u>
As at March 31, 2018	2,848,047	3,373,850	6,221,897
Loss for the year	<u>Nil</u>	<u>(646,722)</u>	<u>(646,722)</u>
As at March 31, 2019	<u>2,848,047</u>	<u>2,727,128</u>	<u>5,575,175</u>

The accompanying notes form an integral part of these consolidated financial statements.

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Alphageo International Limited and its Subsidiary**Consolidated Statement of Cash Flows****Year Ended March 31, 2019**

(Figures in USD)	2019	2018
Cash Flow from Operating Activities		
Loss for the year	(646,722)	(377,384)
<u>Adjustments for:</u>		
Depreciation	751,829	952,493
Interest income	2,050	(34,345)
Loss on sale of asset	Nil	31,643
Bad debts	Nil	59,220
Provision for employee's end of service benefits	800	4,400
<u>Changes in operating assets and liabilities</u>		
Decrease in inventories	75,180	97,922
Decrease in trade accounts and other receivable	748,224	183,645
Decrease in trade accounts and other payable	<u>(3,641)</u>	<u>(22,037)</u>
Net cash generated from operating activities	927,720	895,557
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(3,200)	Nil
Proceeds from sale of asset	<u>Nil</u>	<u>74,251</u>
Net cash (used in) / generated from investing activities	(3,200)	74,251
Net change in cash and cash equivalents	924,520	969,808
Cash and cash equivalents at beginning of the year	<u>2,451,231</u>	<u>1,481,423</u>
Cash and cash equivalents at end of the year	<u>3,375,751</u>	<u>2,451,231</u>

The accompanying notes form an integral part of these consolidated financial statements.

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Alphageo International Limited and its Subsidiary

Notes to the Consolidated Financial Statements

March 31, 2019

1 Legal Status, Shareholder, Management and Business Activity

These Consolidated Financial Statements of Alphageo International Limited and its Subsidiary ("collectively referred as Group"), comprises of:

Alphageo International Limited ("Company"), a Limited Liability Company formed in accordance with the Offshore Companies Regulations of the Jebel Ali Free Zone of 2003, and registered with the Jebel Ali Free Zone Authority under registration number OF-139127 in the Emirate of Dubai, United Arab Emirates.

Alphageo DMCC ("Subsidiary"), a Limited Liability Company formed in accordance with the Laws and Implementing Regulations of Dubai Multi Commodities Centre and registered under service license number DMCC-31569 in the Emirate of Dubai, United Arab Emirates.

Alphageo India Limited is the ultimate Shareholder of the Company.

The Group is managed by its Board of Directors.

The Group is engaged in activity of Investments in Limited Liability Companies, Partnerships, Joint Ventures and in any other Companies; General Trading; Providing Technical Support Services outside United Arab Emirates; providing onshore and offshore oil and gas field services, geophysical and geological services and studies and extraction and drilling equipment and machinery rental.

2 Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards for Small and Medium-sized Entities issued by International Accounting Standards Board. They are presented in United States Dollar, currency unit of United States of America. The presentation of consolidated financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these consolidated financial statements, are set below.

The consolidated financial statements have been prepared under the historical cost convention basis.

These consolidated financial statements comprise a consolidation of the financial statements of the parent Company and its Subsidiary on a line-by-line basis.

The consolidated financial statements incorporate the financial statements of the parent Company and its Subsidiary where the Company achieved control by owning, directly or indirectly more than half of voting power in the subsidiary or by having the power to govern the financial and operating policies of the other company so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other member of the Group.

2 Basis of Preparation of Consolidated Financial Statements (Continued)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards for Small and Medium-sized Entities requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as stated in Note 3.

3 Summary of Significant Accounting Policies

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities. Revenue is shown net of rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group.

The Group recognises revenue on rendering services as per the terms of contract, which is based on the periodic completion of the job certified by the client and when the amount of revenue can be reliably measured and estimated to be receivable.

Property, Plant and Equipment

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of replacing or addition to an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation is charged to write off the cost of assets using the straight line method as follows:

Plant and machinery	5 years to 20 years
Computers and software	3 years to 6 years
Other equipments	5 years

3 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Group through the use of items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss in the statement of comprehensive income.

Inventories

Inventories are measured at lower of cost and net realisable value. The cost of spare parts and consumables are based on first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

At each reporting date, inventories are assessed for impairment and the net value is reflected in the consolidated financial statements.

Financial Instruments

Financial assets are recognised when the Group becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet date which are classified as non-current liabilities.

Financial instruments comprise of trade accounts and other receivable, cash in hand and at bank, trade accounts and other payable.

Accounts and Other Receivable

Receivable are initially recognised at transaction price. They are subsequently stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The Management undertakes a periodic review of amounts recoverable and trade accounts other receivable, and determines recoverability based on various factors such as ageing of receivable, payment history, collateral available and other knowledge about the receivable and estimates the provision for bad and doubtful debts, if any required.

3 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and banks accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Accounts and Other Payable

Accounts and other payable are stated at nominal amounts payable for goods or services rendered.

Employee's End of Service Benefits

Provision is made for the amounts payable under the UAE labour law applicable to the employees and is based on current basic remuneration and cumulative period of service at the balance sheet date.

Provision is made on the assumption that all employees were to leave as of the balance sheet date since this provides, in Management's opinion, a reasonable estimate of the present value of terminal

Unsecured Loans

Loans payable are non-derivative financial liabilities with fixed or determinable payments. They are measured at amortised cost using the effective interest method, less any impairment.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

Foreign Income Taxes

The tax expense is recognised for tax payable on taxable profit for current and past period. The Company has measured this tax expense at the amount it expects to pay at the prevailing tax rates and laws and regulations that have been enacted or substantively enacted at the reporting date, in the jurisdiction of the Company's operation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

3 Summary of Significant Accounting Policies (Continued)

Value Added Taxes

Expenses and assets are accounted inclusive of the value added tax as the Company is not required to register with Federal Tax Authority.

Foreign Currencies Translations

Items included in the consolidated financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in United States Dollars which is the functional and presentational currency.

Transactions other than functional currency, are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in currencies, other than functional currency, are recognised in profit or loss.

(Figures in USD)	2019	2018
4 <u>Bank Balances</u>		
Balance in other than functional currency accounts	971	1,825
Balance in functional currency accounts	<u>3,374,780</u>	<u>2,449,406</u>
	<u>3,375,751</u>	<u>2,451,231</u>
5 <u>Trade Accounts Receivable</u>		
Outstanding for less than 6 months	<u>104,400</u>	<u>Nil</u>
	<u>104,400</u>	<u>Nil</u>
6 <u>Other Receivable and Prepayments</u>		
Prepaid expenses	28,803	12,734
Loan given to third party	Nil	827,000
Interest receivable on loan	Nil	34,345
Other receivable	2,050	Nil
Advance to supplier	Nil	11,448
	<u>30,853</u>	<u>885,527</u>

Alphageo International Limited and its Subsidiary**Notes to the Consolidated Financial Statements****March 31, 2019**

(Figures in USD)

7 Property, Plant and Equipment

	Plant and Machinery	Computers and Software	Other Equipments	Total
Original Cost :				
As at April 01, 2018	7,049,895	162,485	29,868	7,242,248
Additions during the year	<u>3,200</u>	<u>Nil</u>	<u>Nil</u>	<u>3,200</u>
As at March 31, 2019	<u>7,053,095</u>	<u>162,485</u>	<u>29,868</u>	<u>7,245,448</u>
Depreciation :				
As at April 01, 2018	4,292,441	89,726	28,314	4,410,481
Charge for the year	<u>709,221</u>	<u>42,608</u>	<u>Nil</u>	<u>751,829</u>
As at March 31, 2019	<u>5,001,662</u>	<u>132,334</u>	<u>28,314</u>	<u>5,162,310</u>
Net Block :				
As at March 31, 2019	<u>2,051,433</u>	<u>30,151</u>	<u>1,554</u>	<u>2,083,138</u>
As at March 31, 2018	<u>2,757,454</u>	<u>72,759</u>	<u>1,554</u>	<u>2,831,767</u>

Note: Depreciation on plant and machinery is classified under direct expense and the depreciation on other assets is classified under general and administration expense.

	2019	2018
8 <u>Trade Accounts and Other Payable</u>		
Trade accounts payable	4,000	6,041
Accrued expenses	<u>9,767</u>	<u>11,367</u>
	<u>13,767</u>	<u>17,408</u>

9 Employees' End of Service Benefits

Balance at the beginning of the year	4,400	2,974
Provision for the year	<u>800</u>	<u>1,426</u>
Balance at the end of the year	<u>5,200</u>	<u>4,400</u>

Alphageo International Limited and its Subsidiary**Notes to the Consolidated Financial Statements****March 31, 2019****(Figures in USD) 2019 2018****10 Share Capital**Authorised Share Capital750,000 shares of AED 100 each 20,336,226 20,336,226Paid-up Share Capital105,036 shares of AED 100 each fully paid up 2,848,047 2,848,047**11 Transactions with Related Parties**

The Group, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in the International Financial Reporting Standards for Small and Medium-sized Entities. Significant transactions with related parties consists of working capital funding from / to related party. Other transactions are as follows:

Sale of assets to parent	Nil	66,116
Equipment rental from parent	335,433	1,188,704
Purchase of equipment from parent	3,200	Nil

Related party balances as at the year end are classified as under:

Related party	Classification		
Shareholder	Trade accounts receivable (Note 5)	104,400	Nil

12 Revenue

Equipment rentals	<u>335,433</u>	<u>1,188,704</u>
	<u>335,433</u>	<u>1,188,704</u>

13 Direct Expenses

Technical support	48,633	190,289
Depreciation	709,221	906,346
Camp expenses	Nil	1,959
Repairs and maintenance	95,628	176,144
Transport and handling	Nil	28,925
Warehouse charges	1,726	1,673
Survey and drilling charges	Nil	13,849
	<u>855,208</u>	<u>1,319,185</u>

Alphageo International Limited and its Subsidiary**Notes to the Consolidated Financial Statements****March 31, 2019****(Figures in USD)****14 Other Income**

	2019	2018
Interest earned on loan	505	34,345
Interest earned from bank	4,158	Nil
Miscellaneous	Nil	2,685
	<u>4,663</u>	<u>37,030</u>

15 General, Administration and Selling Expenses

Employees cost	28,320	26,640
Legal and professional	16,952	16,519
Audit fees	16,398	15,615
Travelling and conveyance	7,351	11,156
Depreciation	42,608	46,147
Printing and stationery	Nil	10
Communication	219	652
Bad debts	Nil	59,220
Repairs and maintenance	Nil	17,932
Insurance	61	2,128
Rent	4,442	3,502
VAT expenses	Nil	515
Loss on sale of assets	Nil	31,643
Miscellaneous	336	274
	<u>116,687</u>	<u>231,953</u>

16 Finance Costs

Bank charges and commission	690	2,026
	<u>690</u>	<u>2,026</u>

17 Contingent Liabilities

Except for the ongoing service commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

Alphageo International Limited and its Subsidiary

Notes to the Consolidated Financial Statements

March 31, 2019

18 Comparative Figures

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

These financial statements were approved by the Board of Directors on April 15, 2019 and signed on their behalf by:



**Mr. Hamit Ummak
Director**