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Asian Oilfield and Energy Services DMCC
Dubai – United Arab Emirates
Manager's Report and Financial Statements
Together with Independent Auditor's Report
For the year ended 31 March 2023

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PO BOX 111390 - Dubai United Arab Emirates

**Asian Oilfield and Energy Services DMCC
Manager's Report and Financial Statements
Together with Independent Auditor's Report
For the year ended 31 March 2023**

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Asian Oilfield and Energy Services DMCC

Dubai – United Arab Emirates

Company's Information

Licensing Authority: Dubai Multi Commodities Centre Authority

Registered Address: Unit no. 118, DMCC Business Centre, Level no. 5, Jewellery and Gemplex 2, Dubai, United Arab Emirates

Principal Activity: Onshore And Offshore Oil And Gas Fields Services

Manager: Mr. Vincent Dsouza

Independent Auditor: Bader Saleh Auditing of Accounts
Office No.: 404, Office Court Building, Oud Metha, P.O. Box: 111390,
Dubai, United Arab Emirates

Banker: Emirates NBD



MANAGER'S REPORT

I have pleasure in presenting this report and the audited financial statements of Asian Oilfield and Energy Services DMCC (“the Company”) for the year ended 31 March 2023.

Legal status and principal activities of the company

The Company was registered on 27 August 2012 as a Free Zone Company with Limited Liability and operates under the Service License No. DMCC-32446 issued by the Dubai Multi Commodities Centre Authority, Government of Dubai, Dubai, United Arab Emirates.

The principal activity of the Company under license is onshore and offshore oil and gas fields services. Management and controls of the Company are vested with the Manager, Mr. Vincent Dsouza.

The registered address of the Company is Unit no. 118, DMCC Business Centre, Level no. 5, Jewellery and Gemplex 2, Dubai, United Arab Emirates.

Financial results of the company

The net loss and revenue of the Company for the year ended 31 March 2023 were amounted to USD 4,735,349 (2022: USD 1,462,359 and USD 1,340,000 respectively). The detail results of the Company’s operations are set out in the statement of comprehensive income.

	31 March 2023	31 March 2022
	USD	USD
Net asset value	555,778	4,800,891
Working capital	(233,021)	3,144,222
Current ratio	0.96	1.42

Management’s responsibility

As a Manager of the Company, I am responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the DMCC Company Regulations No. (1/03) and the Company’s Memorandum of Association and, for such internal control as I determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I am also responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and to ensure that the financial statements comply with any applicable legislation. I am also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the Company has complied with the above requirements in preparing the financial statements.

Events after reporting date

In the opinion of the Manager, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Company.



Asian Oilfield and Energy Services DMCC
Dubai – United Arab Emirates
For the year ended 31 March 2023

MANAGER'S REPORT (continued)

Approval of the financial statements

I as a Manager, approved these financial statements.



Mr. Vincent Dsouza
Manager
08 May 2023



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Asian Oilfield and Energy Services DMCC
Dubai, United Arab Emirates

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Asian Oilfield and Energy Services DMCC ("the Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

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

Qualifications

1. The Company's only customer M/s Amni International Petroleum Development OML 52 Company Limited had issued a notice of suspension of the contract (suspension notice) on 16 November 2020. Against the said suspension notice, the Company had issued notice of termination vide notice no. 2021-AOS-AMN-P002-0017 dated 3 August 2021 (termination notice) to terminate the contract with immediate effect.

Subsequently, the Company had issued notice of suspension of termination till 31 August 2021 vide notice no.2021-AOS-AMN-P002-0018 dated 7 August 2021 to amicably solve the matter. Such suspension of termination, after multiple extensions had been extended only till 31 May 2022. Therefore, the suspension of termination period had expired on 31 May 2022.

The Company has issued final notice for termination of contract vide notice no. 2022-AOS-AMN-P002-0003 dated 8 June 2022 to the customer and in turn, the customer has issued acknowledgment letter to accept the termination of contract vide notice no. GMD-A52-AOS-0622-LET-20001 dated 10 June 2022 with immediate effect.

Accounts receivable USD 4,653,712/- remains unconfirmed as on reporting date. However management has represented that same are recoverable & reserve for impairment of accounts receivable of USD 500,000/- is sufficient to cover for the doubtful debts, if any. The account receivable of USD4,653,712/- will get reduced by USD2,577,744/- on account of novation of one of the subcontractor, whereas novation terms have been agreed and waiting for execution and conclusion of novation deed.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ASIAN OILFIELD AND ENERGY SERVICES DMCC (continued)

Qualifications (continued)

2. Property, plant & equipment lying in Nigeria, of carrying value USD 778,354/- are stated at cost has not been physically verified and has not been tested for impairment.

Due to impact of 1 to 2 above, (accounts receivable, and property, plant & equipment), net loss of the Company may be understated & net worth may be overstated to the extent of impairment.

Furthermore, there are possibilities of additional impairment losses arising on account of termination of the contract & matters stated in note 1 above which could result into negative networth of the Company. This would necessitate substantial infusion of funds by the shareholder/Group company failing which it would raise serious doubt about the Company's ability to continue as a going concern.

Material uncertainty relating to going concern

The Company's only revenue generating contract with M/s Amni International Petroleum Development OML 52 Company Limited has been terminated by the Company vide notice no. 2022-AOS-AMN-P002-0003 dated 08 June 2022 to the customer and the customer has issued acknowledgment letter to accept the termination of contract with immediate effect. This raises doubt about the Company's going concern, However, the shareholder/Group company has represented that Company would continue looking for opportunities in Middle East & Africa and wishes to keep the office functioning and has confirmed that necessary financial assistance will be provided to the Company as & when required and hence these financial statements have been prepared on a going concern basis.

Other Matter

The financial statements of the Company for the year ended 31 March 2022 were audited by another auditor who expressed an modified opinion on these financial statements on 13 May 2022.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and any of the applicable provisions of the DMCC Company Regulations No. (1/03) and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ASIAN OILFIELD AND ENERGY SERVICES DMCC (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements include, in all material respects, the applicable requirements of the DMCC Company Regulations No. (1/03), and the Articles of Association of the Company; proper books of account have been kept by the Company, and the contents of the report of the Director relating to these financial statements are consistent with the books of account.

We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the DMCC Company Regulations No. (1/03) or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Bader Saleh

By: Bader Saleh Ali Mohammad Hall
Registered Auditor Number: 516

Bader Saleh Auditing of Accounts
Dubai, United Arab Emirates
09 May 2023



Asian Oilfield and Energy Services DMCC
Statement of Financial Position
As at 31 March 2023

	Note	2023 USD	2022 USD
Assets			
Non-current assets			
Property and equipment	5	788,799	1,658,250
Investments	6	-	13,194
Total non-current assets		788,799	1,671,444
Current assets			
Deposits, prepayments and advances	7	201,146	950,953
Trade receivables	8	5,003,712	7,857,774
Amount due from related party	9	-	1,702,922
Amounts due from customer for contract work	10	-	76,161
Cash at bank	11	10,935	73,993
Total current assets		5,215,793	10,661,803
Total assets		6,004,592	12,333,247
Equity and liabilities			
Equity			
Share capital	12	1,000,000	1,000,000
Retained earnings	13	87,169	4,822,518
Shareholder's current account	14	(531,391)	(1,021,627)
Total equity		555,778	4,800,891
Non-current liabilities			
Employees' end of service benefits	15	-	14,775
Total non-current liabilities		-	14,775
Current liabilities			
Trade and other payables	16	3,676,123	5,723,610
Provisions, accruals and other liabilities	17	1,772,691	1,793,971
Total current liabilities		5,448,814	7,517,581
Total liabilities		5,448,814	7,532,356
Total equity and liabilities		6,004,592	12,333,247

The annexed notes from 1 to 31 form an integral part of these financial statements.

Vincent



Mr. Vincent Dsouza
Manager
08 May 2023



Asian Oilfield and Energy Services DMCC
Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	2023 USD	2022 USD
Revenue	18	-	1,340,000
Cost of revenue	19	(832,370)	(1,789,749)
Gross loss		(832,370)	(449,749)
Other income	20	91,642	123,149
Selling and marketing expenses	21	(996,313)	(903,000)
Administrative expenses	22	(615,762)	(204,533)
Finance costs	23	-	(28,116)
Other expenses	24	(2,382,546)	(110)
Net loss for the year		(4,735,349)	(1,462,359)
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Net other comprehensive income to be reclassified subsequently to profit or loss		-	-
<i>Items that may not be subsequently reclassified to profit or loss:</i>			
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(4,735,349)	(1,462,359)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Vincent



Mr. Vincent Dsouza
 Manager
 08 May 2023



Asian Oilfield and Energy Services DMCC
Statement of Changes in Equity
For the year ended 31 March 2023

	Share capital USD (Note 12)	Retained earnings USD (Note 13)	Proposed dividend USD	Shareholder's current account USD (Note 14)	Total USD
Balance as at 01 April 2021	1,000,000	7,784,877	-	(601,627)	8,183,250
Net loss for the year	-	(1,462,359)	-	-	(1,462,359)
Proposed dividend	-	(1,500,000)	1,500,000	-	-
Dividend paid	-	-	(1,500,000)	-	(1,500,000)
Net movement in shareholder's current account	-	-	-	(420,000)	(420,000)
Balance as at 31 March 2022	1,000,000	4,822,518	-	(1,021,627)	4,800,891
Net loss for the year	-	(4,735,349)	-	-	(4,735,349)
Net movement in shareholder's current account	-	-	-	490,236	490,236
Balance as at 31 March 2023	1,000,000	87,169	-	(531,391)	555,778

The annexed notes from 1 to 31 form an integral part of these financial statements.



Asian Oilfield and Energy Services DMCC
Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023 USD	2022 USD
Cash flows from operating activities			
Net loss for the year		(4,735,349)	(1,462,359)
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		1,393	3,000
Depreciation	5	869,451	1,709,025
Impairment of investment		13,194	-
Impairment of amount due from related party		1,764,569	-
Impairment of accounts receivable		500,000	-
Impairment of advance to suppliers		600,838	-
Interest income		(91,642)	(123,149)
Finance costs		-	28,116
Impairment of amounts due to customer for contract works		76,161	-
		<u>(1,001,385)</u>	<u>154,633</u>
<i>Changes in working capital:</i>			
<i>Changes in current assets:</i>			
Deposits, prepayments and advances		148,969	(57,617)
Trade receivables		2,354,062	1,091,480
<i>Changes in current liabilities:</i>			
Trade and other payables		(2,047,487)	(1,429,373)
Provisions, accruals and other liabilities		(21,280)	(12,080)
Cash (used in) operating activities		<u>(567,121)</u>	<u>(252,957)</u>
Employees' end of service benefits		<u>(16,168)</u>	<u>-</u>
Net cash (used in) operating activities		<u>(583,289)</u>	<u>(252,957)</u>
Cash flows from investing activities			
Movement in investments		-	(13,194)
Movement in due from related party		(61,647)	97,044
Interest income		91,642	123,149
Net cash generated from investing activities		<u>29,995</u>	<u>206,999</u>
Cash flows from financing activities			
Dividend paid		-	(1,500,000)
Finance cost		-	(28,116)
Shareholder's current account-net movement		490,236	(420,000)
Net cash generated from/(used in) financing activities		<u>490,236</u>	<u>(1,948,116)</u>
Net (decrease) in cash and cash equivalents		<u>(63,058)</u>	<u>(1,994,074)</u>
Cash and cash equivalents at beginning of the year		<u>73,993</u>	<u>2,068,067</u>
Cash and cash equivalents at end of the year	11	<u><u>10,935</u></u>	<u><u>73,993</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.



1 General information

Asian Oilfield and Energy Services DMCC (“the Company”) was registered on 27 August 2012 as a Free Zone Company with Limited Liability and operates under the Service License No. DMCC-32446 issued by the Dubai Multi Commodities Centre Authority, Government of Dubai, Dubai, United Arab Emirates.

The principal activity of the Company under license is onshore and offshore oil and gas fields services. Management and controls of the Company are vested with the Manager, Mr. Vincent Dsouza.

The registered address of the Company is Unit no. 118, DMCC Business Centre, Level no. 5, Jewellery and Gemplex 2, Dubai, United Arab Emirates.

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB and the applicable requirements of the DMCC Company Regulations No. (1/03).

Accounting convention

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in US Dollar (USD), which is the Company’s functional currency.

Changes in accounting policies and disclosures

New and amended standards, and interpretations effective for the first time and applied:

The following new and revised IFRSs, which became effective for the financial year beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

2 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Below are the other amendments and interpretations applied for the first time in 2022, but do not have an impact on the condensed interim financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning on 1 January 2022.

The management anticipates that the new standards and amendments will be adopted in the financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

New standards:

- IFRS 17 Insurance Contracts (effective from 1 January 2023)

Amendments to existing standards:

- Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (effective from 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective from 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 : Disclosure of Accounting Policies (effective from 1 January 2023)
- IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction) (effective from 1 January 2023)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

3 Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

All other liabilities are classified as non-current.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to its recoverable amount, being the higher of its fair value less costs to sell and its value in use.

Expenditure incurred to replace a component of an item of property and equipment is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if, appropriate.

3 Summary of significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Financial instruments

Classification and measurement of financial assets:

Financial assets are classified, at initial recognition as measured at (a) amortised cost; (b) Fair Value through Other Comprehensive Income (FVOCI); or (c) Fair Value through Profit or Loss (FVTPL).

a) Financial assets measured at amortised cost (debt instruments):

The Company measures financial assets at amortised cost if (i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

At the reporting date, the Company's financial assets at amortised cost include deposits, prepayments and advances, trade receivables, due from related party, amounts due from customer for contract work and cash at bank.

b) Financial assets measured at FVOCI:

Debt instruments: The Company measures debt instruments at FVOCI if (i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the reporting date, the Company does not hold any financial assets which are to be classified as debt instruments at FVOCI.

Equity instruments: In case of equity instruments which are not held for trading or designated at FVTPL, the Company may irrevocably elect to recognise subsequent changes in other comprehensive income. This election is made on an instrument-by-instrument basis.

At the reporting date, the Company does not hold any financial assets which are to be classified as equity instruments at FVOCI.



3 Summary of significant accounting policies (continued)

c) Financial assets measured at FVTPL:

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial assets are classified as measured at FVTPL.

At the reporting date, the Company does not hold any financial assets which are to be classified at FVTPL.

Business model assessment:

The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Company considers the contractual terms of the instruments. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Derecognition of financial assets:

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired; and (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 Summary of significant accounting policies (continued)

Impairment of financial assets:

IFRS 9 replaced the incurred loss model followed under IAS 39 with a forward-looking expected credit loss (ECL) model. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification and measurement of financial liabilities:

Financial liabilities are classified, at initial recognition as measured at (a) financial liabilities at FVTPL; or (b) at amortised cost; or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, wherever applicable.

a) Financial liabilities at FVTPL:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

At the reporting date, the Company has not designated any financial liability as at fair value through profit or loss.

b) Other financial liabilities:

After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisitions and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

At the reporting date, the Company's trade and other payables and provisions, accruals and other liabilities were designated under this category of financial liability.

Derecognition of financial liabilities:

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

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

Fair value measurement:

The Company measures financial instruments, such as investment in securities and hedges, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

Trade receivables

Trade receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses. An impairment allowance is calculated using the ECL approach as defined in IFRS 9. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of presenting in the statement of cash flows, cash and cash equivalents comprise cash in hand and cash with banks in current accounts.

Equity

Ordinary shares are classified as equity. The considerations received are shown in equity after deduction of incremental costs directly attributable to the issue of shares.

Trade payables

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

3 Summary of significant accounting policies (continued)

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Finance costs

Interest expenses that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Finance income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year-end are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in statement of comprehensive income for the year.



3 Summary of significant accounting policies (continued)

Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue from rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Revenue from contract work

Revenue from a contract is recognised based on cost-to-cost method. Cost-to-cost method is referred to as method by which the revenue is recognized based on the stage/percentage of project completion. Percentage of project completion is measured as the proportion that contract cost incurred till date bears to the total estimated contract cost.

Recognised profit (loss) is the excess (deficit) of contract revenue over contract cost. Any excess of contract cost including recognised profit (loss) over progressive billing is treated as 'amount due from customers for contract work' and any excess of progressive billing over work completion including recognised profit (loss) is treated as 'amount due to customers for contract work'.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the financial statements.



4 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingencies and commitments at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

Judgements

As at the reporting date, management has used the following key judgements that have a significant impact on the financial statements of the Company:

Revenue from contracts with customers:

- Satisfaction of performance obligations - The Company assesses each of its contracts with customers to determine whether performance obligations are satisfied over a period of time or at a single point in time in order to determine the appropriate method of revenue recognition.
- Determination of transaction price - The Company determines the transaction price in respect of each of its contracts with customers. In doing so, the Company assesses the impact of any variable consideration, any significant financing component and any non-cash consideration included in the contract.
- Allocation of transaction price to performance obligation in contracts with customers - A transaction price is allocated to each performance obligation on the basis of their stand-alone selling prices. The Company estimates the standalone selling price as a price at which a promised service is sold separately to a customer in the market.
- Transfer of control in contracts with customer - Where the Company determines that performance obligations are satisfied at a single point in time, revenue is recognized when control over the asset is transferred to the customer. Significant judgement is required to evaluate when 'control' is transferred to the customer.

Estimates and assumptions

The key estimates and assumptions that have a significant impact on the financial statements of the Company are discussed below:

Useful lives of property and equipment:

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4 Significant accounting judgements, estimates and assumptions (continued)

Provision for expected credit losses of trade receivables:

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



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Notes to the Financial Statements (continued)
For the year ended 31 March 2023

5 Property, plant and equipment

	Plant and machinery USD	Office equipments USD	Motor vehicles USD	Total USD
<i>Cost:</i>				
At 01 April 2021	13,690,558	716,992	139,361	14,546,911
At 31 March 2022	<u>13,690,558</u>	<u>716,992</u>	<u>139,361</u>	<u>14,546,911</u>
At 31 March 2023	<u><u>13,690,558</u></u>	<u><u>716,992</u></u>	<u><u>139,361</u></u>	<u><u>14,546,911</u></u>
<i>Depreciation:</i>				
At 01 April 2021	10,425,848	614,427	139,361	11,179,636
Charge for the year	1,659,709	49,316	-	1,709,025
At 31 March 2022	<u>12,085,557</u>	<u>663,743</u>	<u>139,361</u>	<u>12,888,661</u>
Charge for the year	820,308	49,143	-	869,451
At 31 March 2023	<u><u>12,905,865</u></u>	<u><u>712,886</u></u>	<u><u>139,361</u></u>	<u><u>13,758,112</u></u>
<i>Net book value :</i>				
At 31 March 2023	<u>784,693</u>	<u>4,106</u>	<u>-</u>	<u>788,799</u>
At 31 March 2022	<u><u>1,605,001</u></u>	<u><u>53,249</u></u>	<u><u>-</u></u>	<u><u>1,658,250</u></u>

6 Investments

	2023 USD	2022 USD
Investment in company	13,194	13,194
Reserve for impairment of investments	<u>(13,194)</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>13,194</u></u>
Movement in reserve for impairment of investment is as follows:		
Provided during the year	<u>13,194</u>	<u>-</u>
Balance at the end of the year	<u><u>13,194</u></u>	<u><u>-</u></u>

Investment in company represents subscription to 5% of the paid up capital of M/s Vaan Group and Holdings Limited, Hongkong being 100,000 fully paid up equity shares of HKD 1/- each, totaling to HKD 100,000/- equivalent to USD 13,194/-.



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Notes to the Financial Statements (continued)
For the year ended 31 March 2023

7 Deposits, prepayments and advances

	2023 USD	2022 USD
Deposits	3,681	1,089
Prepayments	152,423	540,092
Advance to suppliers	605,045	362,346
Loans and advance to staff	1,898	18
Other current asset	38,937	47,408
	<u>801,984</u>	<u>950,953</u>
Reserve for impairment of advance to suppliers	600,838	-
	<u>201,146</u>	<u>950,953</u>

Movement in reserve for impairment of advance to suppliers is as follows:

Provided during the year	600,838	-
	<u>600,838</u>	<u>-</u>

8 Trade receivables

	2023 USD	2022 USD
Trade receivables	5,503,712	7,857,774
Reserve for impairment of accounts receivable	(500,000)	-
	<u>5,003,712</u>	<u>7,857,774</u>

Age-wise analysis of accounts receivable is as follows

Outstanding for less than 3 months	-	850,000
Outstanding for more than 6 months but less than 12 months	850,000	-
Outstanding for more than 12 months	4,653,712	7,007,774
	<u>5,503,712</u>	<u>7,857,774</u>

Geographical analysis of accounts receivable is as follows

Due from African countries	5,503,712	7,857,774
	<u>5,503,712</u>	<u>7,857,774</u>

Movement in reserve for impairment of accounts receivable is as follows:

Provided for the year	500,000	-
Balance at the end of the year	500,000	-
	<u>500,000</u>	<u>-</u>



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For the year ended 31 March 2023

9 Related party transactions

The Company, in the normal course of business, enters into transactions with other entities, which fall within the definition of a related party as contained in International Accounting Standards no. (24). Related parties comprise companies under common ownership and / or common management and control and key management personnel. The management decides on the terms and conditions of the transactions and services received / rendered from / to related parties as well as on other charges.

Amount due from a related party at year end is as follow:

	2023	2022
	USD	USD
Due from group company	1,764,569	1,702,922
Reserve for impairment of amounts due from related party	<u>(1,764,569)</u>	<u>-</u>
	<u>-</u>	<u>1,702,922</u>

Movement in reserve for impairment of amounts due from related party is as follows:

Provided during the year	<u>1,764,569</u>	<u>-</u>
Balance at the end of the year	<u>1,764,569</u>	<u>-</u>

Terms and conditions of transactions with related parties:

During the current year the Company has recorded impairment against receivable from related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

10 Amounts due from customer for contract work

	2023	2022
	USD	USD
Project cost incurred to date	39,197,755	39,197,755
Recognised profits	<u>10,998,018</u>	<u>10,998,018</u>
Contract revenue to date	<u>50,195,773</u>	<u>50,195,773</u>
Progress billings	<u>(50,119,612)</u>	<u>(50,119,612)</u>
Amounts due from customers for contract work	76,161	76,161
Impairment of amounts due from customer for contract work	<u>(76,161)</u>	<u>-</u>
	<u>-</u>	<u>76,161</u>

Movement in reserve for impairment of amount due from customer for contract works is as below:

Provided for the year	76,161	-
(Utilised) for the year	<u>(76,161)</u>	<u>-</u>
Balance at the end of the year	<u>-</u>	<u>-</u>

11 Cash at bank

	2023	2022
	USD	USD
Cash at bank - in current account	<u>10,935</u>	<u>73,993</u>



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Notes to the Financial Statements (continued)
For the year ended 31 March 2023

12 Share capital

The share capital of the Company comprise of 3,675 shares of USD 272 each:

Name of shareholder	%	No. of shares	2023 USD	2022 USD
M/s Asian Energy Services Limited	100	3,675	1,000,000	1,000,000

13 Retained earnings

	2023 USD	2022 USD
Retained earnings	87,169	4,822,518
	<u>87,169</u>	<u>4,822,518</u>

14 Shareholder's current account

	2023 USD	2022 USD
Balance at the beginning of the year	(1,021,627)	(601,627)
Net movement in shareholder's current account	490,236	(420,000)
Balance at the end of the year	<u>(531,391)</u>	<u>(1,021,627)</u>

15 Employees' end of service benefits

	2023 USD	2022 USD
Balance at the beginning of the year	14,775	11,775
Provision made for the year	1,393	3,000
Paid during the year	(16,168)	-
Balance at the end of the year	<u>-</u>	<u>14,775</u>

16 Trade and other payables

	2023 USD	2022 USD
Payable for expenses	32,200	138,403
Payable to sub contractors and service providers	3,643,923	5,511,007
Payable to group company	-	74,200
	<u>3,676,123</u>	<u>5,723,610</u>



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Notes to the Financial Statements (continued)
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17 Provisions, accruals and other liabilities

	2023	2022
	USD	USD
Accrued expenses	1,600,525	1,647,723
Accrued staff salaries and benefits	1,834	-
Other liabilities	170,332	146,248
	<u>1,772,691</u>	<u>1,793,971</u>

18 Revenue

	2023	2022
	USD	USD
<i>Type of services:</i>		
Oilfield services	-	1,340,000
<i>Timing of revenue recognition:</i>		
Goods transferred - at a point in time	-	1,340,000
	<u>-</u>	<u>1,340,000</u>
<i>Primary geographical markets:</i>		
African country	-	850,000
Asian country	-	490,000
	<u>-</u>	<u>1,340,000</u>

19 Cost of revenue

	2023	2022
	USD	USD
Salaries and Wages	6,356	3,371
Consultancy expenses	-	125,209
Overseas travelling expenses	5,502	672
Insurance Expenses	204	788
Depreciation on machinery, tools and vehicles	820,308	1,659,709
	<u>832,370</u>	<u>1,789,749</u>

20 Other income

	2023	2022
	USD	USD
Interest on fixed deposit	-	193
Liabilities written-off	29,995	-
Interest income on amount due from related party	61,647	122,956
	<u>91,642</u>	<u>123,149</u>



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Notes to the Financial Statements (continued)
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21 Marketing costs

	2023	2022
	USD	USD
Advertisement and business promotions expenses	420,152	903,000
Impairment of amount due for customer for contract works	76,161	-
Impairment of account receivables	500,000	-
	<u>996,313</u>	<u>903,000</u>

22 Administrative expenses

	2023	2022
	USD	USD
Office rent*	4,445	4,575
Manager's remuneration and benefits	51,570	42,210
Bank charges	3,015	6,640
Software and IT enabled expenses	387,749	57,000
Repair and maintenance	19,092	-
Communication expenses	3,334	68
Fees and charges	94,634	34,341
Office and other expenses	2,780	10,383
Depreciation on other property, plant and equipment	49,143	49,316
	<u>615,762</u>	<u>204,533</u>

* The Company has elected not to recognize right-to-use assets and corresponding liabilities for short term leases and all the Company's leases are short term.

23 Finance cost

	2023	2022
	USD	USD
Interest on delayed payment of group company	-	28,116
	<u>-</u>	<u>28,116</u>

24 Other expenses

	2023	2022
	USD	USD
Foreign exchange loss	3,945	110
Impairment of investment	13,194	-
Impairment of amount due from related party	1,764,569	-
Impairment of advance to suppliers	600,838	-
	<u>2,382,546</u>	<u>110</u>



25 Financial assets and liabilities

The financial assets of the Company comprise deposits, prepayments and advances, trade receivables, due from related party, amounts due from customer for contract work and cash at bank. The financial liabilities of the Company include trade and other payables and provisions, accruals and other liabilities. The accounting policies for financial assets and liabilities are set out in note 3.

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the reporting date:

	2023	2022
	USD	USD
Financial assets:		
Financial assets at amortised cost	5,063,370	8,342,628
Total financial assets	<u>5,063,370</u>	<u>8,342,628</u>
Financial liabilities:		
Financial liabilities at amortised cost:		
- Other financial liabilities	5,448,814	7,517,581
Total financial liabilities	<u>5,448,814</u>	<u>7,517,581</u>

26 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- (a) Market risk;
- (b) Credit risk; and
- (c) Liquidity risk

(a) Market risk

Market risk is the risk that the fair value of the financial instrument may fluctuate as a result of a change in market interest rates or the market price due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage their market risk.

The Company is exposed to the following market risk:

- (i) Interest rate risk;
- (ii) Currency risk; and
- (iii) Price risk.

The Company's exposure to the above risks are described below:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate exposure mainly concerns financial liabilities. The Company is not exposed to any significant interest rate risk as the Company did not take any loan during the year.

(ii) Currency

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

26 Financial risk management (continued)

Exposure to currency risk

The financial instrument of the Company is denominated in the functional currency of the Company. Therefore the Company is not exposed to currency risk through fair value or future cash flows of financial instrument as at the reporting date.

(iii) Price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all similar financial instruments traded in the market.

At the reporting date, the Company is not exposed to price risk due to the fact it does not hold any financial instrument which falls under this category.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables and bank balances. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 USD	2022 USD
Trade receivables	5,503,712	7,857,774
Deposits	3,681	1,089
Advance to suppliers	605,045	362,346
Loans and advance to staff	1,898	18
Other current asset	38,937	47,408
Amount due from related party	-	1,702,922
Bank balances	10,935	73,993
	<u>6,164,208</u>	<u>10,045,550</u>

Bank balances:

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks only.

Trade receivables:

The Company monitors outstanding receivables to assess recoverability and establish appropriate allowances for amounts considered doubtful. Trade receivables are stated net of allowance for expected credit losses. The details of allowance for expected credit losses, ageing analysis and significant concentration of trade receivables are disclosed in note 8 to these financial statements.

Amount due from a related party:

The management of the Company is directly involved in the transactions with related parties and reviews, approves and maintains the transactions with the related parties with minimal credit risk.

26 Financial risk management (continued)

(c) Liquidity

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The Company's objective is to maintain a balance between continuity of funding and flexibility through efficient cash management. The Company limits its liquidity risk by aligning the terms of trade payables with the terms of collection from customers. Further, the shareholder's ensure adequate funds are available as and when required.

The following table summarise the maturity profile of financial liabilities based on the remaining period at the end of reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

	Carrying amount USD	Contractual cash flows USD	Less than 1 year USD	More than 1 year USD
As at 31 March 2023				
Trade and other payables	3,676,123	3,676,123	3,676,123	-
Provisions, accruals and other liabilities	1,772,691	1,772,691	1,772,691	-
	5,448,814	5,448,814	5,448,814	-
	Carrying amount USD	Contractual cash flows USD	Less than 1 year USD	More than 1 year USD
As at 31 March 2022				
Trade and other payables	5,723,610	5,723,610	5,723,610	-
Provisions, accruals and other liabilities	1,793,971	1,793,971	1,793,971	-
	7,517,581	7,517,581	7,517,581	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significant different amounts.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder's value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current and previous years.

Equity comprise of share capital, retained earnings and shareholder's current account, and is measured at USD 555,778 as at 31 March 2023 (2022: USD 4,800,891).



27 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. The financial assets of the Company comprise deposits, prepayments and advances, trade receivables, due from related party, amounts due from customer for contract work and cash at bank. The financial liabilities of the Company include trade and other payables and provisions, accruals and other liabilities.

The fair values of financial assets and financial liabilities of the Company at the reporting date are not materially different from their carrying values largely due to the nature and short-term maturities of financial instruments.

28 Contingent liabilities and commitments

Except for the ongoing obligations which are under normal course of business, there has been no other known contingent liability or commitment on the Company's financial statements as of reporting date.

29 Going concern

During the year, the Company has recorded a net loss amounted to USD 4,735,349 (2022: USD 1,462,359) resulted in decrease in retained earning to USD 87,169 (2022: USD 4,822,518). This may result in severe impact on the cash flow requirements of the Company. While preparing the financial statements, the management has made an assessment of the Company's ability to continue as a going concern. With the continued support from the shareholder, the management is confident that the Company has the required resources to continue in operation as a going concern for the foreseeable future. As a result, these financial statements have been prepared on a going concern basis.

30 Approval of these financial statements

These financial statements have been approved on 08 May 2023.

31 General

Rounding off

Figures have been rounded off to the nearest USD unless otherwise stated.

Corresponding figures

Corresponding figures have been reclassified and rearranged, wherever necessary for better presentation.

