

THEJO
HATCON INDUSTRIAL SERVICES COMPANY LIMITED
FOREIGN LIMITED
FINANCIAL STATEMENTS
31 MARCH 2020



شركة حسن حسني الصيرفي وشفيق أحمد شروفنا - محاسبون قانونيون
H. H. EL-SERAFI & S. AHMED SHROFNA CO. - CERTIFIED ACCOUNTANTS

Dammam P.O. Box / 502	- Tel.: 8325401 - Fax: 8340944	damnamoffice@serafiaudit.com	٨٣٤٠٩٤٤ - فاكس: ٨٣٢٥٤٠١ - هاتف: ٥٠٢
Riyadh P.O. Box / 53081	- Tel.: 4012562 - Fax: 4036728	riyadhoffice@serafiaudit.com	٤٠٣٦٧٢٨ - فاكس: ٤٠١٢٥٦٢ - هاتف: ٥٣٠٨١
Jeddah P.O.Box / 6741	- Tel.: 6673601 - Fax: 6656836	jeddahoffice@serafiaudit.com	٦٦٥٦٨٣٦ - فاكس: ٦٦٧٣٦٠١ - هاتف: ٦٧٤١
www.serafiaudit.com			

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN
LIMITED
FINANCIAL STATEMENTS AT 31 MARCH 2020

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We have audited the balance sheet of

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED

Opinion

We have audited the financial statements of **THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED** which comprise the balance sheet as at 31 March 2020, and the statement of comprehensive income, statement of cash flows and statement of changes in partners' equity for the Period from 31 March 2019, up to 31 March 2020,, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and the provisions of Companies' Law and the Company's Articles of Association, 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 has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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.

H. H. EL-SERAFFI & S.A. SHARROFNA CO.

Certified Accountants

Prof. C. C. No. (323 / 11 / 47)

Saudi Arabia

HS

شركة
حسن جني الصيرفي وشفيق أحمد شروفنا
محاسبون قانونيون
سجل شركات مهنية رقم (٤٧/١١/٢٢٣)
المملكة العربية السعودية

Auditor's Responsibilities for the Audit of

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED 31 March 2020 (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

H. EL - SERAFI & S. AHMED

SHFEEQ A. SHARROFNA
LICENCE NO.:87

DAMMAM : 30/04/2020
07/09/1441

THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
BALANCE SHEET AT 31 MARCH 2020

	Note	31/03/2020 S.R	31/03/2019 S.R
ASSETS			
CURRENT ASSETS			
Cash in hand and at banks	(6)	3 257 953	1 543 921
Accounts Receivable & other Debit balances	(7)	3 878 350	4 246 167
Prepaid expenses	(8)	37 928	46 814
Inventory		1 443 686	1 447 316
Goods in transit		13 010	-
Total Current Assets		8 630 927	7 284 218
NON CURRENT ASSETS			
Fixed assets - net book value	(9)	2 236 891	2 665 021
Total non-current assets		2 236 891	2 665 021
Total Assets		10 867 818	9 949 239
LIABILITIES AND SHAREHOLDERS'EQUITY			
CURRENT LIABILITIES			
Accounts payable & Other Credit balances		922 626	1 125 146
Accrued expenses	(10)	834 337	672 089
Total current liabilities		1 756 963	1 797 235
NON CURRENT LIABILITIES			
Termination provision		389 234	269 982
Total non-current liabilities		389 234	269 982
Total Liabilities		2 146 197	2 067 217
SHAREHOLDERS'EQUITY			
Capital	(11)	4 000 000	4 000 000
Statutory reserve		532 359	296 473
Partners C / A		749 979	2 269 243
Retained earnings		3 439 283	1 316 306
Total Shareholders'equity		8 721 621	7 882 022
Total liabilities and Shareholders'equity		10 867 818	9 949 239

* The accompanying notes 1 - 12 are an integral part of these financial statements.



THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31/03/2020

	Note	For the year ended on 31/03/2020 SR.	For the year ended on 31/03/2019 SR.
Income Activity		8 195 447	8 113 266
Expenses Activity	(12)	(5 276 958)	(5 484 640)
Net Income for activity		2 918 489	2 628 626
<u>ADD</u>			
Other income		38 708	3 546
Net income before TAX		2 957 197	2 632 172
Provision Tax		(598 334)	(462 089)
Net income for the year		2 358 863	2 170 083
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		2 358 863	2 170 083

* The accompanying notes 1 -12 are an integral part of these financial statements.



THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	For the year ended on 31/03/2020 SR.	For the year ended on 31/03/2019 SR.
<u>OPERATING ACTIVITIES</u>		
Net income for the year	2 358 863	2 170 083
Adjustments of Non Cash Items :		
Depreciation	488 904	598 978
Termination Provision	119 252	58 136
Changes in Working Capital :		
Inventories	3 630	(307 380)
Goods in transit	(13 010)	
Receivable	367 817	(1 782 519)
Prepayments	8 886	72 858
Payables	(202 520)	89 243
Accruals	162 248	393 048
Cash Flows from Operating Activities	<u>3 294 070</u>	<u>1 292 447</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(60 774)</u>	<u>(164 396)</u>
Cash Flows from Investing Activities	<u>(60 774)</u>	<u>(164 396)</u>
<u>FINANCING ACTIVITIES</u>		
Partners , A / C	<u>(1 519 264)</u>	<u>(447 265)</u>
Cash Flows from Financing Activities	<u>(1 519 264)</u>	<u>(447 265)</u>
Net Increase in Cash	1 714 032	680 786
Cash at Beginning of the year	1 543 921	863 135
Cash at end of the year	<u>3 257 953</u>	<u>1 543 921</u>

* The accompanying notes 1 -12 are an integral part of these financial statements.



THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital SR.	Legal Reserve SR.	Partners' C/A	Retained earnings SR.	Total SR.
Balance at 31/03/2018	4 000 000	122 414	2 716 508	(679 718)	6 159 204
Net income for the year	-	-	-	2 170 083	2 170 083
Statutory reserve		174 059	-	(174 059)	-
Drawings	-	-	(447 265)	-	(447 265)
Balance at 31/03/2019	4 000 000	296 473	2 269 243	1 316 306	7 882 022
Net income for the year	-	-	-	2 358 863	2 358 863
Statutory reserve	-	235 886	-	(235 886)	-
Drawings	-	-	(1 519 264)		(1 519 264)
Balance at 31/03/2020	<u>4 000 000</u>	<u>532 359</u>	<u>749 979</u>	<u>3 439 283</u>	<u>8 721 621</u>

* The accompanying notes 1 -12 are an integral part of these financial statements.



THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020**

1- LEGAL ENTITY AND ACTIVITY

Company Thejo Hatcon Industrial Services is a company with limited liability foreign- registered in Saudi Arabia under commercial registration NO : 2050067485 , date 14/11/1430 H (02/11/2009)

The company operates in the implementation of contracts for construction, installation and maintenance and operation of industrial parks and perform the construction industry and industrial paint and rust treatment and works of art relating to a license under the General Authority for investment number:122030083625 and the date of 28//08/1430.

Address

The company's registered address, Al Khobar, Kingdom of Saudi Arabia.

1-1 The reporting period

The company's reporting period is twelve months from the beginning of APRIL2019 until the end of MARCH 2020.

2- Basis of preparation

2-1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium Entities ("IFRS for SMES") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). These are the Company's first annual financial statements in accordance with IFRS for SMES, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the SOCPA.

2-2 Basis of measurement

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting and going concern concept, as modified by the revaluation of certain financial instruments at fair value and investment in associates at equity method. The obligations of post-employment benefits are accounted for the present value of future obligation. The principal accounting policies are set out below.

2-3 Functional and presentation currency

The Company's financial statements are presented in Saudi Riyals, which is also the Company's functional currency. All figures are rounded off to the nearest Riyal except when otherwise indicated.

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

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

3- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3-1 Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Company assesses the impact of any variable Consideration in

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

3-2 Cost to complete the projects

The Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates include, amongst other items, the construction costs, and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

3-3 Employees' end of service benefits

The cost of end of services benefits is determined using the present value of the future end of service benefits obligations. In making this valuation the company involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, management considers the risk-free rate on government bonds for the expected outflows. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables.

3-4 Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. The Company evaluates the quality, aging, guarantees, and creditworthiness of the trade and other receivables on continuous basis to identify the impairment and the appropriate provision amount.

3-5 Useful lives of property and equipment and investment properties

The Company determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage, the obsolescence, periodic repair and maintenance of the asset. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

3-6 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3-7 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4- SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies applied by the Company in preparing its financial statements and the opening IFRS statement of financial position as at 01 January 2017 for the purposes

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

of the transition to IFRSs For SMEs, except for the application of relevant exceptions or available exemptions. Details.

4-1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification.

Assets

An asset is current when it is:

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

All other assets are classified as non-current.

Liabilities

A liability is current when:

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

The Company classifies all other liabilities as non-current.

4-2 Revenue recognition

The company recognizes the revenue when selling or exchanging goods or services with non symmetric goods or services in a Commercial substance transaction. In this case, the entity must measure the transaction by:

- a. the fair value of goods or services received, net of any cash or cash equivalents transferred;
- b. the fair value of the goods or services given up after adjustment for any cash or cash equivalents transferred, when the amount in (a) above cannot be measured reliably;
- c. The carrying amount of the asset given up after adjustment for any cash or cash equivalent transferred, when the fair value of the asset received or asset given up cannot be measured reliably.

5- SIGNIFICANT ACCOUNTING POLICIES (continued)

Service revenue

The income represent the total value of sales invoices issued during the year.

4-3 Costs and expenses

Cost of revenue

The costs of revenues from construction contract include subcontracts works and direct and indirect costs of construction contract.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenue. All other expenses, except for financial charges, depreciation, amortization and impairment loss and those arising from the Company's efforts underlying the sales and marketing functions are classified as general and administrative expenses. Allocations of common expenses between cost of revenue, general and administrative expenses, when required, are made on a consistent basis.

4-4 TAX

Tax is calculated on the statement of financial position date in accordance with the instructions of the General Authority for Zakat and Tax in the Kingdom of Saudi Arabia. Provision for Tax for the Company is charged to the statement of comprehensive income and other comprehensive income.

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which the assessment is finalized.

4-5 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company in Saudi Riyal (the functional currency) using spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated in Saudi Riyal spot rates of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item.

4-6 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and the net amount is recognized within other income in the statement of comprehensive income.

The cost of replacing a major part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably, and the carrying amount of the replaced part is derecognized. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

An item of property and equipment is derecognized upon disposal or when no future economic 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 the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Freehold land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Depreciation methods, useful lives and residual values are reviewed periodically and adjusted if required.

Capital work in progress

Capital work in progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Company's policies.

4-7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. An operating lease is a lease other than a finance lease.

Generally all leases entered by the Company are operating leases and the leased assets are not recognized in the Company's statement of financial position. Operating lease cost is recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

4-8 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

4-9 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 (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When 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. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rate that reflects current market assessments of the time value of money. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

4-10 Financial Instruments

A financial instrument is any contract that gives rise financial assets of an entity or financial liabilities or equity instruments of another entity.

Initial recognition – Financial assets and financial liabilities

An entity shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Financial assets

Initial Measurement

At initial recognition, except for the trade receivables which do not contain a significant financing component, the Company measures a financial asset at its fair value.

In the case of a financial asset not at fair value through profit or loss, financial asset are measured at transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income, if any.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

The trade receivables that do not contain a significant financing component or which have a maturity of less than 12 months are measured at the transaction price.

Classification and Subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- a) Those to be measured subsequently at fair value through income statement, and
- b) Those to be measured subsequently at fair value through statement of other comprehensive income, and
- c) Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The category most relevant to the Company is cash and cash equivalent, trade and other receivables, due from related party.

The Company has not classified any financial asset as measured at fair value through income statement and other comprehensive income.

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) 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 measured at amortized cost include trade receivables that do not contain a significant financing component or which have a maturity of less than 12 months and measured at the transaction price.

Trade receivables

Trade receivables represents the amounts due from customers for contraction and construction works in the ordinary course of business, the initial recognition of the trade receivables at fair value through the original transaction amount (invoice value) less provision for any uncollectible amounts. Subsequently, an estimate of doubtful debts is made when there is there is a substantial doubt that the Company will

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

not be able to collect all amounts due and in accordance with the original terms of the transaction. These provisions are charged to the statement of income and the bad debts are written off when incurred based on their determination and approval by the management when collection becomes impossible.

Reclassification

When and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above mentioned classification requirements.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

Financial liabilities

Initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income, loans and borrowings and payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of long term loans and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accruals.

Classification and subsequent measurement

Subsequently, an entity measures its financial liabilities depending on the financial liabilities classification as financial liabilities at fair value through income statement or other financial liabilities. The Company has not classified any financial liabilities as measured at fair value through income statement.

Trade payables and accruals

Trade payables are recognized for future payments owed for goods and services received, whether or not invoiced by suppliers.

Reclassification

The company cannot reclassify any financial liability.

Derecognition

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

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

Offsetting of financial instruments

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

4-11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

4-12 Inventory

Inventory are stated cost or net realizable value (whichever is less), and the impairment in net realizable value is recognized as an expense during the period in which the impairment arises. The net realizable value is determined by the estimated selling price of the inventory items during the ordinary course of business minus any additional costs expected to be incurred for the completion, marketing, distribution and sale of the product.

The cost of raw materials and spare parts is determined using the weighted average method.

Damaged goods are valued at net recoverable amount.

The goods purchased for the purpose of resale are valued by purchase cost or the value of the supplier invoice, as well as some expenses necessary to complete the purchase.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Net realizable value and inventory valuation

Net realizable value represents the estimated selling price in the normal course of business of the Company less estimated costs of completion of the product and selling and distribution expenses. The net realizable value valuation is performed on an individual basis for similar products having similar purpose and use and marketed in the same geographical area.

A provision is made for slow moving items, obsolete and damaged inventory. The company identifies the impaired and obsolete inventory and reduces its value at physical inventory.

4-13 Provisions

Provisions are recognized 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of comprehensive income.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay

THEJO HATCON INDUSTRIAL SERVICES COMPANY LIMITED - FOREIGN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employees' end of service benefits

The Company's net obligation in respect of employees' end of service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods and discounting that amount. The calculation of benefit obligations is performed annually and measured by the present value of the future burden of end of service based on a statistical study prepared by management that includes many assumptions that may differ from the actual developments in the future. These assumptions include determining the discount rate, future salary increases in the light of the company's compensations and awards policy, and the turnover rate of employees.

Due to the nature of the long-term evaluation, the end of service liability is highly sensitive to changes in these assumptions. All assumptions are reviewed once a year or when necessary.

Remeasurements of the benefit liability, and the interest expense and other expenses related to the end of service benefit are recognized in the statement of comprehensive income.

The employees' end of service benefits, takes into account the provisions of the Saudi Arabian Labour Law as well as the Company's policy.

4- SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for doubtful debts

A provision is recognized to meet doubtful debts according to the management's study of the aging of the accounts receivables and debts and charged to the statement of comprehensive income.

Provision for obsolete and slow moving inventory

Management estimates the provision for obsolete and slow moving inventory to adjust the inventory value to the net realizable value if the cost of the inventory is not recoverable or the inventory is impaired or obsolescence in whole or in part or if the selling price is lower than the cost or any other factors that cause the recoverable amount to fall below the carrying amount.

5- FIRST-TIME ADOPTION OF IFRS FOR SMES

These are the company's first annual financial statements, prepared in accordance with IFRS FOR SMES as issued by the IASB and endorsed in the Kingdom of Saudi Arabia together with other standards and pronouncements that are issued by SOCPA. For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles ("GAAP") issued by SOCPA ("SOCPA GAAP").

Accordingly, the Company has prepared financial statements which comply with IFRS FOR SMES applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2017, which represent the Company's date of transition for IFRS.

These financial statements have been prepared in accordance with the accounting policies described in note 4, except for the exemption availed by the Company in preparing these financial statements in accordance with IFRS FOR SMES exemptions from full retrospective application of IFRS.

In preparing its opening IFRS FOR SMES statement of financial position, as at 1 January 2017, and the financial statements for the year ended 31 December 2017, the Company has analyzed the impact and has made following adjustments to the amounts reported previously in the financial statements prepared in accordance with the SOCPA GAAP.

THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2020

6- CASH IN HAND & AT BANKS

	31/03/2020	31/03/2019
	SR.	SR.
Cash at banks	3 216 310	1 517 914
Cash in hand	41 643	26 007
	<u>3 257 953</u>	<u>1 543 921</u>

7- ACCOUNTS RECEIVABLES & OTHER DEBIT BALANCES

	31/03/2020	31/03/2019
	SR.	SR.
Customers	3 755 138	4 134 378
Employees advance	43 855	32 432
Reimbursable by the partners	79 357	79 357
	<u>3 878 350</u>	<u>4 246 167</u>

8- PREPAID EXPENSES

	31/03/2020	31/03/2019
	SR.	SR.
Medical insurance	37 928	46 814
	<u>37 928</u>	<u>46 814</u>



THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2020

9- FIXED ASSETS

the rates of depreciation of fixed assets are as follows:-

Plant & Machinery	10%	furniture & Computers	10%	Tools	25%	
Vehicles	25%	Portables	10%			
	Plant & Machiners	furniture & Computers	Portables	Tools	Vehicles	Totals
<u>COST :</u>	SR.	SR.	SR.	SR.	SR.	SR.
At 31/03/2019	1 118 782	398 883	3 261 915	230 215	824 738	5 834 533
Additions	-	2 499	-	-	58 275	60 774
Disposals	-	-	-	-	(168 887)	(168 887)
At 31/03/2020	1 118 782	401 382	3 261 915	230 215	714 126	5 726 420
<u>DEPRECIATION</u>						
At 31/03/2019	446 352	239 900	1 749 679	114 704	618 877	3 169 512
For the year	93 740	30 125	248 594	17 671	98 774	488 904
For Disposals	-	-	-	-	(168 887)	(168 887)
At 31/03/2020	540 092	270 025	1 998 273	132 375	548 764	3 489 529
<u>NET BOOK VALUE :</u>						
At 31/03/2020	578 690	131 357	1 263 642	97 840	165 362	2 236 891
At 31/03/2019	672 430	158 983	1 512 236	115 511	205 861	2 665 021

10- ACCRUED EXPENSES

	31/03/2020	31/03/2019
	SR.	SR.
Professional fees	12 000	12 000
Others	-	6 411
TAX	598 334	462 089
Bonus & provision	224 003	191 589
	<u>834 337</u>	<u>672 089</u>



THEJO HATCON INDUSTRIAL SERVICES COMPANY
LIMITED LIABILITY COMPANY
NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 31 MARCH 2020

11- CAPITAL

Capital consists of 500 shares of SR.1000 each which are allotted as follows :-

Name of partners	NO.Of shares	Value of shares S.R	Total S.R
HATCON industrial Services-Bahraini	1 960	1 000	1 960 000
THEJO ENGINEERING LIMITED	2 040	1 000	2 040 000
	<u>4 000</u>	<u>1 000</u>	<u>4 000 000</u>

12- EXPENSES ACTIVITY

	31/03/2020 SR.	31/03/2019 SR.
Installation / maintenance	1 682 962	1 745 898
Salaries and wages& bonus	1 517 645	1 419 609
Overtime & food allowances	38 778	33 456
Vacation pay	71 210	91 493
Termination provision	119 251	61 695
GOSI	84 004	52 955
Fuel	36 978	36 326
Vehicle& other maintenance	115 307	133 953
Insurance	145 316	94 399
Rents	204 672	204 672
Rental - staff	213 446	204 280
Electricity & water	36 738	33 438
Medical E.X.P	618	284
Consumables	6 706	3 994
Entertainment E X P	8 712	12 504
Travelling E.X.P.	89 784	88 327
Telephone & postage	22 784	21 987
Government Fees & Subscriptions	240 856	357 919
Transportation & loading	43 499	50 122
Computer E X P	3 918	60 117
Stationery & printing	2 666	3 982
Vehicles lease / rental EXP.	28 185	24 660
Depreciation	488 904	598 978
Professional Fees	12 000	24 000
Miscellaneous	33 999	43 174
Bank charges	28 020	82 418
	<u>5 276 958</u>	<u>5 484 640</u>





Annual Accounts

Thejo Australia Pty Ltd

ABN 75 155 690 645

For the year ended 31 March 2020

Prepared by 4C Consulting Pty Ltd



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Trading Statement

Thejo Australia Pty Ltd
For the year ended 31 March 2020

	2020	2019
Trading Income		
Trading Revenue		
Sales		
Total Trading Revenue	18,875,096	6,022,161
	18,875,096	6,022,161
Cost of Good Sold		
Opening stock		
Direct costs	1,273,949	878,008
Direct Costs - Miscellaneous		
Direct Superannuation	745,557	-
Direct Wages	293,805	123,270
Freight & Cartage	3,169,940	1,239,874
Hire of Plant & Equipment	173,200	65,655
Mobilization Costs	632,118	67,969
Purchases	873,916	171,305
Subcontractors	4,628,888	2,566,675
Total Direct costs	1,763,113	234,314
Closing stock	12,280,535	4,469,063
Total Cost of Good Sold	(602,517)	(1,273,949)
	12,951,967	4,073,121
Gross Profit	5,923,128	1,949,040

The accompanying notes form part of these financial statements. This report should be read in conjunction with the accompanying compilation report.



Trading Income Statement

Thejo Australia Pty Ltd
For the year ended 31 March 2020

	2020	2019
Income		
Gross Profit		
Total Income	5,923,128	1,949,040
	5,923,128	1,949,040
Other Income		
Interest Income		
Other Income	-	31
Rental Income	73,033	-
Total Other Income	59,273	65,888
	132,306	65,919
Total Income	6,055,434	2,014,959
Expenses		
Accounting Fees		
Advertising	21,877	20,718
Annual Leave Expense	27,283	14,185
Audit Fees	87,651	19,350
Bank Fees	10,215	5,250
Bookkeeping Fees	77,535	26,156
Borrowing Expenses	9,000	9,000
Cleaning	11,273	11,111
Computer Expenses	12,247	14,775
Depreciation	53,251	11,753
Donations	186,276	166,370
Electricity	1,000	1,000
Entertainment	17,140	19,507
Filling Fees	4,193	5,688
Fines & Penalties	267	263
Foreign Currency Translation	8,870	479
Forklift Expenses	(1,937)	16,781
Fringe Benefits Tax	61,231	52,889
Hire of Equipment	33,125	36,601
Hire Purchase Charges	4,516	19,723
Immediately Deductible Assets	4,297	3,523
Immigration Fees	133,476	13,169
Insurance	3,925	5,210
Interest Expense	31,229	25,083
Legal expenses	139,061	65,575
Loss on Disposal of Fixed Assets	1,078	-
Motor Vehicle Expenses	112,459	-
Payroll Tax	38,695	48,221
Printing & Stationery	305,637	73,496
Protective Clothing	14,524	9,400
	53,771	23,949

The accompanying notes form part of these financial statements. This report should be read in conjunction with the accompanying compilation report.



	2020	2019
Rent		
Repairs and Maintenance	360,233	345,646
Staff Training & Welfare	54,796	32,352
Subscriptions	101,272	40,826
Superannuation	5,720	-
Telephone Expenses	49,688	33,152
Travelling Expenses	21,265	15,872
Wages and Salaries	83,547	55,636
Worker's Compensation Insurance	919,799	546,672
Workshop Expenses	171,422	53,851
Total Expenses	16,670	4,447
	3,247,577	1,847,679
Net Profit/(Loss) Before Tax	2,807,857	167,279
Income Tax Expense		
Income Tax Expense	392,753	-
Total Income Tax Expense	392,753	-
Net Profit/(Loss) After Tax	2,415,104	167,279
Net Profit/(Loss) After Dividends Paid	2,415,104	167,279

The accompanying notes form part of these financial statements. This report should be read in conjunction with the accompanying compilation report.



Balance Sheet

Thejo Australia Pty Ltd
As at 31 March 2020

	31 MAR 2020	31 MAR 2019
Assets		
Current Assets		
Bond		
Deposits	54,499	80,999
Deposits - Stock	-	10,925
Employee Advances	400,443	706,196
Prepayments - Insurance	42	51
St George Bank Account #35298	104,779	21,304
St George Bank Account #52614	-	510
Stock on Hand	-	343
Sundry Debtors	602,517	1,273,949
Trade Debtors	36,676	49,337
Westpac Cheque Account #00825	7,006,503	1,149,016
Total Current Assets	1,269,384	(160,740)
	9,474,843	3,131,890
Non-Current Assets		
Borrowing Costs	29,048	38,271
Fixed assets		
Intangible Assets		
Furniture & Fillings	-	21,286
Motor Vehicles	64,815	79,331
Office Equipment	74,440	99,744
Plant & Equipment	31,374	26,878
Workshop Improvements	600,412	672,714
Total Fixed assets	141,526	137,851
	912,567	1,037,805
Total Non-Current Assets	941,614	1,076,076
Total Assets	10,416,457	4,207,966
Liabilities		
Current Liabilities		
ATO Liability		
Child Support Payable	174,307	108,429
Citibank Loan #8302	1,545	-
FBT Payable	750,000	-
Hire Purchase Liability - 1GER948	(3,475)	(5,935)
Hire Purchase Liability - 1GFD900	11,746	11,021
Hire Purchase Liability - 1GFD901	-	6,631
Income Tax Payable	14,925	14,007
Payroll Tax Payable	392,753	-
Provision for Annual Leave	38,660	7,848
Provision for Retification to RH Equip Winder/ Stands/Vulcan	183,725	96,074
Provision for Warranty Belt	261,295	-
	86,156	-

The accompanying notes form part of these financial statements. This report should be read in conjunction with the accompanying compilation report.



	31 MAR 2020	31 MAR 2019
St George Bank Credit Card #0197		
St George Bank Credit Card #2212	-	420
St George Bank Credit Card #5446	-	(97)
Superannuation Payable	-	(304)
Sundry Creditors	37,945	16,316
Trade Creditors	19,200	3,200
Westpac Credit Card # 0862	1,689,601	1,654,459
Westpac Credit Card # 2473	34	-
Westpac Credit Card # 2476	2,515	-
Westpac Credit Card # 7515	1,683	-
Westpac Credit Card #0046	1,551	-
Westpac Credit Card #1256	3,118	(2,156)
Westpac Credit Card #1726	(24)	2,126
Westpac Loan # 3495	606	1,410
Westpac Loan # 5455	180,000	180,000
Westpac Loan # 7002	51,265	-
Westpac Loan # 7751	786,254	-
Total Current Liabilities	46,339	43,237
	4,731,723	2,136,686
Non-Current Liabilities		
Hire Purchase Liability - 1GER948		
Hire Purchase Liability - 1GFD901	11,403	23,149
Payroll Deductions	14,494	29,422
Westpac Loan # 3495	-	10
Westpac Loan # 5455	760,000	940,000
Westpac Loan # 7002	116,121	-
Westpac Loan # 7751	1,335,252	-
Total Non-Current Liabilities	143,426	189,765
	2,380,697	1,182,346
Total Liabilities	7,112,420	3,319,033
Net Assets	3,304,037	888,933
Equity		
Retained Earnings		
Issued Capital	304,037	(2,111,067)
Total Equity	3,000,000	3,000,000
	3,304,037	888,933

The accompanying notes form part of these financial statements. This report should be read in conjunction with the accompanying compilation report.



Notes to the Financial Statements

Thejo Australia Pty Ltd

For the year ended 31 March 2020

1. Statement of Significant Accounting Policies

The directors have determined that the company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Income Tax

The income tax expense for the year comprises current income tax expense. The company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 31 March 2020. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of the assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Freehold land and buildings are measured at their fair value, based on periodic, but at least triennial, valuations by independent external valuers, less subsequent depreciation for buildings.

Increases in the carrying amount of land and buildings arising on revaluation are credited in equity to a revaluation surplus. Decreases against previous increases of the same asset are charged against fair value reserves in equity. All other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is offset against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
Revenue from the rendering of services is recognised upon the delivery of the services to customers.
Revenue from commissions is recognised upon delivery of services to customers.
Revenue from interest is recognised using the effective interest rate method.
Revenue from dividends is recognised when the entity has a right to receive the dividend.

All revenue is stated net of the amount of goods and services tax (GST).



Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.



Appropriation Statement

Thejo Australia Pty Ltd

For the year ended 31 March 2020

	2020	2019
Retained Earnings after Appropriation		
Retained Earnings At Start of Year		
Profit / (loss) Before Taxation	(2,111,067)	(2,278,346)
Income Tax Expense	2,807,857	167,279
Income Tax Expense	392,753	-
Total Income Tax Expense	392,753	-
Retained Earnings After Appropriation	304,037	(2,111,067)



Tax Reconciliation

Thejo Australia Pty Ltd
For the year ended 31 March 2020

		2020
Tax Reconciliation		
Accounting Profit for Period		
Profit for period		
Carried Forward Losses Applied		2,807,857
Total Accounting Profit for Period		(1,969,474)
		838,383
Addbacks		
Entertainment		
Fines		4,193
Non Deductible Donations		8,870
Superannuation Payable -31 March 2020		1,000
Provision for Annual Leave - 31 March 2020		37,945
Provision for Warranty Belt - 31 March 2020		183,725
Provision for Retification to RH Equip Winder/ Stands/Vulcan - 31 March 2020		86,156
Total Addbacks		261,295
		583,184
Deductions		
Superannuation Payable - 31 March 2019		
Provision for Annual Leave - 31 March 2019		16,316
Total Deductions		96,074
		112,390
Taxable Profit		
Tax Payable		1,309,177
Net Profit Available for Shareholders		392,753
		916,424



Directors Declaration

Thejo Australia Pty Ltd

For the year ended 31 March 2020

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, present fairly the company's financial position as at 31 March 2020 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Director: Shine James Varghese

Director: Manoj Joseph

Dated: 8 June 2020



DM Advisory Services – Audit
Chartered Accountant

AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF
THEJO AUSTRALIA PTY LTD

I declare that, to the best of my knowledge and belief during the year ended 31 March 2020 there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

David Makowa
DM ADVISORY SERVICES
REGISTERED COMPANY AUDITOR

8 June 2020





INDEPENDENT AUDITORS REPORT

TO THE DIRECTORS OF THEJO AUSTRALIA PTY LTD

Report on the Financial Report

We have audited the accompanying financial report of Thejo Australia Pty Ltd, being a special purpose financial report set on pages 1 to 12 which comprises the statement of financial position (Balance Sheet) as at 31 March 2020, the statement of financial performance (Income Statement) for the year ended on that date, and a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, and are appropriate to meet the needs of the directors, and unit holders. The directors' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the directors, and unit holders. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the accounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the directors, and unit holders of the entity. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the directors, and unit holders, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the company's affairs as at 31 March 2020 in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Bill Advisory Services.

DM ADVISORY SERVICES - AUDIT

D. Makowa

David Makowa
REGISTERED COMPANY AUDITOR

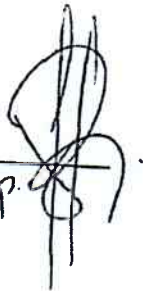
8 June 2020

AUDIT CERTIFICATE

I hereby certify that in my opinion and to the best of my information and explanations given to me, the financial statements of M/s. Thejo Engineering Latino America SpA , Av.La Dehesa No.181 Office 312 - Lo Barnechea , Chile for the year ending 31st March 2020 are in conformity with the accounting principles generally accepted in Chile and are in accordance with the applicable Accounting Standards.

In my opinion, the enclosed Balance Sheet gives a true and fair view of the state of affairs of the company as on 31st March 2020 and the profit of the company for the year ended on that date, and are in agreement with the Books of Account.

BACKPYING SpA
76.017.733-4
Jorge Reyes Rosales PP
Certified P. Accountant

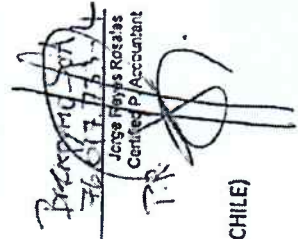


THEJO SPA / Avda. La Dehesa N° 181, Oficina 312, Lo Barnechea, Santiago (CHILE)



THEJO ENGINEERING LATINOAMERICA SPA				
Av. La Dehesa No. 181 Office 312 - Lo Barnechea				
GAINS & LOSSES STATEMENT FOR THE PERIOD APRIL 19 TO MARCH 20				
	Year ended 31-03-2019	Year ended 31-03-2019	Year ended 31-03-2020	Amount in US \$ Year ended 31-03-2019
Cost of Goods Sold	\$ 7,48,324.00	\$ 4,39,769.00	\$ 12,37,482.00	\$ 7,25,551.00
GROSS OPERATING INCOME	\$ 4,80,159.00	\$ 2,80,702.00		
	\$ 12,37,482.00	\$ 7,25,551.00	\$ 12,37,482.00	\$ 7,25,551.00
Pay Roll - Regular	\$ 2,97,918.00	\$ 3,28,474.00		
Fees in D-25	\$ 1,914.00	\$ 9,040.00		
Office Expense & Courier	\$ 7,931.00	\$ 5,227.00		
Banking Expenses	\$ 3,054.00	\$ 2,300.00		
Office Rentals & Comm. Exps	\$ 15,968.00	\$ 12,600.00		
Telephones & Internet	\$ 1,078.00	\$ 1,100.00		
Promos & Advert & publications	\$ 3,731.00	\$ 2,639.00		
Legal Expenses	\$ 212.00	\$ 255.00		
Outsourced Accounting	\$ 14,482.00	\$ 14,555.00		
Travel Exp - Hotel & Meals	\$ 39,012.00	\$ 31,265.00		
Travel Exp - Air Tickets	\$ 12,770.00	\$ 9,101.00		
Travel Exp - Rent & car	\$ 14,000.00	\$ 10,040.00		
Social Security Charges	\$ 9,554.00	\$ 10,250.00		
Interest & Charges Paid	\$ 192.00	\$ 20.00		
Insurance - Merchandise	\$ 640.00	\$ 311.00		
D.D & A	\$ 922.00	\$ 872.00		
Currency Exchange - Expense	\$ 49,231.00	\$ -		
Income tax accrued	\$ 1,007.00	\$ -		
Net Profit / (Loss)	\$ 15,877.00	\$ (1,80,103.00)		
	\$ 4,80,159.00	\$ 2,80,702.00	\$ 4,80,159.00	\$ 2,80,702.00


THEJO ENGINEERING LATINOAMERICA SPA
Jose Miguel Ballesteros
Manager Director

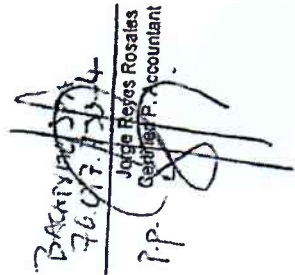

Jorge Rojas Rosales
Certified P. Accountant

THEJO SPA / Avda. La Dehesa N° 181, Oficina 312, Lo Barnechea, Santiago (CHILE)



THEJO ENGINEERING LATINOAMERICA SpA					
Av. La Dehesa No. 181 Office 312 - Lo Barnechea					
FINANCIAL STATEMENT AS AT 31st MARCH, 2020.					
ASSETS	As at 31-03-2020	As at 31-03-2019	LIABILITIES	As at 31-03-2020	As at 31-03-2019
CURRENT ASSETS:			CURRENT LIABILITIES		
Bank Accounts:			Accounts Payable:		
- Banco de Chile Acci-00-190-10654-09	\$ 3.05.192.00	\$ 49.752.00	- Invoices pending Suppliers	\$ 66.320.00	\$ 1.19.202.00
- Banco de Chile Acci-00-190-10654-03	\$ 38.984.00	\$ 262.00	- With taxes payable	\$ 7.158.00	\$ 7.654.00
Accounts Receivable			- Inter company Accis - headquarters	\$ 11.10.462.00	\$ 8.85.631.00
- Pre - Paid to local suppliers	\$ 16.300.00	\$ 41.259.00	- Accrued liabilities- Income Tax	\$ 1.007.00	\$ -
- Taxes pre paid - mandatory	\$ 10.772.00	\$ 9.314.00			
- Cash advances Pending from employees	\$ 1.503.00	\$ 663.00			
- Customer Invoices	\$ 80.214.00	\$ 1.59.144.00			
- Rental Office Guarantees	\$ 2.035.00	\$ 965.00			
Merchandise			LONG TERM LIABILITIES		
- On hand	\$ 5.43.183.00	\$ 6.38.683.00	Long term liabilities	\$ -	\$ -
- In Transit	\$ 39.375.00	\$ -			
Value added tax - Net Receivable less Payable	\$ 7.231.00	\$ 25.822.00	Capital paid	\$ 7.21.397.00	\$ 7.21.397.00
FIXED ASSETS:					
- Office Equipment, Furniture & Machinery	\$ 2.817.00	\$ 3.846.00	Retained Earnings / (Loss)	\$ (9.04.635.00)	\$ (7.54.468.00)
			Profit / (Loss) for the period	\$ 15.877.00	\$ (1.50.188.00)
TOTAL ASSETS	RS 10.47.606.00	RS 8.29.250.00	TOTAL LIABILITIES & NET CAPITAL	\$ 10.47.606.00	\$ 8.29.250.00


 THEJO ENGINEERING LATINOAMERICA SpA
 Jose Miguel Bellvian Astorga
 Manager Director



 Jorge Reyes Rosales
 Certified P. Accountant

THEJO SPA / Avda. La Dehesa N° 181, Oficina 312, Lo Barnechea, Santiago (CHILE)

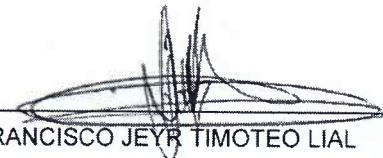
AUDIT CERTIFICATE

I hereby certify that we have audited the Accounts of M/s THEJO BRASIL COMERCIO E SERVICOS LDA, CNPJ: 20.994.412/0001-00, AVENIDA BRASIL, 839, SALA 04 - JD BRASIL - VINHEDO/SP – BRAZIL for the year ending 31st March 2020. The enclosed PROFIT & LOSS STATEMENT AND BALANCE FINANCIAL STATEMENT AS ON 31st March 2020 is in agreement with the Books of Accounts maintained.

In my opinion, the enclosed BALANCE FINANCIAL STATEMENT AS ON 31st March 2020 gives a true and fair view of the state of affairs of the company as on 31st March 2020 and the loss of the company for the year ended on that date.



APARECIDO JUNIOR RODRIGUES
NATIONAL ACCOUNTING REGISTER
No 293.073
ACCOUNTING TECHNICIAN



FRANCISCO JEYR TIMOTEO LIAL
NATIONAL ACCOUNTING REGISTER
Nº 1SP268085/O-5
ACCOUNTING TECHNICIAN

THEIJO BRASIL COMERCIO E SERVIÇOS LTDA - CNPJ : 20.994.412/0001-00
AVENIDA BRASIL, 839, SALA 04 - JD BRASIL - VINHEDO/SP - BRAZIL

BALANCE FINANCIAL STATEMENT AS ON 31st MARCH 2020.						
ANALYTICAL ACCOUNT LIABILITIES		As at 31-03-2020	As at 31-03-2019	ANALYTICAL ACCOUNT ASSETS	As at 31-03-2020	As at 31-03-2019
CURRENT LIABILITIES				CURRENT ASSETS		
LOANS AND FINANCING						
SUPPLIERS		R\$ 6,32,124.11	R\$ 4,03,495.78	BANK AND CASH EQUIVALENTS	R\$ 3,49,130.42	R\$ 3,12,242.22
TAXES AND SOCIAL SECURITY CONTRIBUTIONS PAYABLE		R\$ 21,669.49	R\$ 10,875.39	ACCOUNTS RECEIVABLE	R\$ 1,46,724.20	R\$ 85,737.01
SALARIES AND RETAINER PAYABLE		R\$ 12,565.11	R\$ 10,911.85	INVENTORIES	R\$ 81,532.89	R\$ 77,454.45
				TAX CREDITS	R\$ 53,426.82	R\$ 25,334.93
				ADVANCES TO SUPPLIERS AND SERVICES	R\$ -	R\$ 16,832.21
				ADVANCE FOR EXPENSES	R\$ 484.56	R\$ -
TOTAL CURRENT LIABILITIES		R\$ 6,66,358.71	R\$ 4,30,283.02	TOTAL CURRENT	R\$ 6,31,298.89	R\$ 5,17,606.82
NONCURRENT LIABILITIES		R\$ -	R\$ -	NONCURRENT ASSETS	R\$ -	R\$ -
LONG-TERM LIABILITIES		R\$ -	R\$ -	LONG-TERM ASSETS	R\$ -	R\$ -
RELATED PARTIES		R\$ -	R\$ -	RELATED PARTIES	R\$ -	R\$ -
TOTAL NONCURRENT LIABILITIES		R\$ -	R\$ -	TOTAL NONCURRENT ASSETS	R\$ -	R\$ -
SHAREHOLDER'S EQUITY				PERMANENT ASSETS		
SHARE CAPITAL		R\$ 5,01,408.00	R\$ 5,01,408.00			
CAPITAL TO BE PAID				INVESTMENTS		R\$ -
RETAINED EARNINGS (LOSS)		R\$ 4,10,362.61	R\$ 3,88,289.56	PROPERTY, PLANT, EQUIPMENT AND NET	R\$ 2,986.07	R\$ 3,727.59
(INCOME / LOSS FOR THE YEAR		R\$ 1,23,119.14	R\$ 22,073.05			
TOTAL SHAREHOLDER'S EQUITY		R\$ 32,073.75	R\$ 91,045.39	TOTAL PERMANENT ASSETS	R\$ 2,986.07	R\$ 3,727.59
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		R\$ 6,34,284.96	R\$ 5,21,328.41	TOTAL ASSETS	R\$ 6,34,284.96	R\$ 5,21,328.41

J. P. Poldini

THEIO BRASIL COMERCIO E SERVICOS LDA
 CNPJ: 20.994.412/0001-00
 ALBERTO JOSE ROLDAN
 CPF 243.358.946-00

FRANCISCO J. R. TIMOTEO LIAL
NATIONAL ACCOUNTING REGISTER
N° 1SP268085/O-5
ACCOUNTING TECHNICIAN

APARECIDO JUNIOR RODRIGUES
NATIONAL ACCOUNTING REGISTER
No 293.073
ACCOUNTING TECHNICIAN

BALANCE FINANCIAL STATEMENT

THEIO BRASIL COMERCIO E SERVIÇOS LTDA - CNPJ: 20.994.432/0001-00
 AVENIDA BRASIL, 839, SALA 04 - JD BRASIL - VINHEDO/SP - BRAZIL

PROFIT AND LOSS STATEMENT FOR THE PERIOD 1st APRIL 2019 TO 31st MARCH 2020.

	Year ended 31-03-2020	Year ended 31-03-2019	Amount in Brazilian Real (R\$) Year ended 31-03-2020	Year ended 31-03-2019
COST OF GOODS SOLD	R\$ 4,51,843.29	R\$ 3,41,560.47	R\$ 6,34,227.29	R\$ 5,25,382.02
GROSS OPERATING INCOME	R\$ 1,82,384.00	R\$ 1,53,821.55		
	R\$ 6,34,227.29	R\$ 5,25,382.02	R\$ 6,34,227.29	R\$ 5,25,382.02
Wages of the partners	R\$ 1,19,851.88	R\$ 61,079.11		
Payroll charges	R\$ 23,772.00	R\$ 9,640.00		
Property rentals	R\$ 15,522.00	R\$ 16,050.00		
Professional Services	R\$ 70,879.11	R\$ -		
Telephone expenses office	R\$ 5,376.98	R\$ 3,002.57		
Energy consumption	R\$ 594.39	R\$ 576.99		
Printed and Expedient Material	R\$ 665.10	R\$ 1,110.10		
Travel Expenses	R\$ 20,774.20	R\$ 20,586.79		
Use and Consumption Material	R\$ 2,053.98	R\$ -		
Maintenance of Vehicle	R\$ 2,601.70	R\$ 7,195.49		
Snacks and Meals	R\$ 2,919.84	R\$ 4,068.81		
Accounting Fees	R\$ 18,810.00	R\$ 17,680.00		
Business services	R\$ -	R\$ 29,904.23		
Postal expenses	R\$ 539.05	R\$ 2,075.34		
Rental Cars	R\$ -	R\$ 4,404.77		
Expenses of Import	R\$ -	R\$ 22,845.16		
Computer Services	R\$ 260.00	R\$ -		
Maintenance and repair	R\$ -	R\$ 280.00		
Shipping Agency Services	R\$ 798.94	R\$ -		
Legal and Legal Expenses	R\$ 2,955.55	R\$ -		
Free Samples	R\$ 1,000.00	R\$ -		
Shipping & Returns	R\$ 1,119.30	R\$ 459.62		
Banking Expenses	R\$ 2,602.74	R\$ 2,289.07		
Depreciation, Immobilized	R\$ 741.52	R\$ 751.52		
Expenses with notices	R\$ -	R\$ 201.30		
Social Contribution	R\$ 7,685.55	R\$ 4,743.12		
Miscellaneous Expense/Fee	R\$ 344.88	R\$ 630.84		
Income-Tax Expense	R\$ 8,339.51	R\$ 5,270.12		
NET INCOME (LOSS)	R\$ 1,23,119.14	R\$ 22,079.05	R\$ 1,87,534.86	R\$ 1,85,751.92

Alberto Jose Roldan
 THEIO BRASIL COMERCIO E SERVIÇOS LDA
 CNPJ: 20.994.432/0001-00
 ALBERTO JOSE ROLDAN
 CPF: 249.359.946-00

Francisco de Vinhedo-Hai
 FRANCISCO DE VINHEDO-HAI
 NATIONAL ACCOUNTING REGISTER
 Nº 1SP268085/O-5
 ACCOUNTING TECHNICIAN

Aparecido Vinhedo-Hai
 APARECIDO VINHEDO-HAI
 NATIONAL ACCOUNTING REGISTER
 Nº 283.073
 ACCOUNTING TECHNICIAN