

**OIL INDIA INTERNATIONAL B.V.**

Amsterdam, the Netherlands

**Financial statements as at  
31 March 2019**

Statutory seat : Amsterdam, the Netherlands  
File number : 60.60.57.31

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purposes:  
**RSM**  
RSM Netherlands  
datum: 15/05/19

OIL INDIA INTERNATIONAL B.V.

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## Management Board's report

The management herewith presents the financial statements of Oil India International B.V. (hereinafter "the Company") for the year ended 31 March 2019.

### General

The limited liability Company was incorporated under the laws of the Netherlands on 2 May 2014, having its statutory seat in Amsterdam and its business seat at Herikerbergweg 238, Luna ArenA 1101CM, in Amsterdam, the Netherlands. The Company is a wholly owned subsidiary of Oil India Ltd., India.

The activity of the Company is to act as a holding and financing company for its Joint Venture WorldAce Investments Limited (hereinafter mentioned "WorldAce"). The Company holds 50% of the shares in WorldAce.

WorldAce is incorporated under the laws of Cyprus and its principal activities consist of oil and gas exploration, development and production.

### Review of the Development and Performance of the Business, Results and Dividends

The Company realized a loss as per 31 March 2019 which is mainly the result of the losses realized by WorldAce. The Indian Directors do not recommend payment of a dividend. Oil production in 2018 totalled 713,603 barrels (2017: 816,476).

The financial position, development and performance of WorldAce and the Company as presented in these financial statements are considered satisfactory considering the above circumstances.

### Risk and uncertainties

Management is of the opinion that the Company has sufficient and adequate risk procedures implemented; further reference is made to the financial statements, note 5 financial instruments and risk management.

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## Board of directors

The Board is aware of the legislation of Article 2: 166 and 2:276 of the Dutch Civil Code (“DCC”). This legislation became effective as per 1 January 2013 and includes specific guidelines for the composition of a board of directors. As of 31 March 2019, the minimum level of 30% male or female directors has not been achieved. For future appointments of the board members, all relevant aspects will be taken into consideration. Such aspects include, but are not limited to, the aforementioned articles of the DCC, other applicable guidelines and legislation, availability of appropriate candidates based on charter and internal quality guidelines. This to ensure an appropriate level of experience and expertise is available in the respective boards.

As per 13 July 2018 the Company appointed Mr. M. D. Gupta as managing director.

## Future developments

In 2018 WorldAce appointed a financial adviser to explore the market to ascertain the possibility of a potential sale of all or part of the WorldAce’s assets. That process is ongoing and is expected to continue during 2019.

As the location of the WorldAce’s main assets is in Russia, the Board has been monitoring the events related to sanctions imposed against Russia by various parties such as the European Union and the United States of America. The Board is of the view that none of the current sanctions imposed have a material effect on WorldAce.

Managing Directors:

R.M. Forterie

S.K. Singh

M. D. Gupta

T.J. van Rijn

Amsterdam, 15 May 2019

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## OIL INDIA INTERNATIONAL B.V.

**Statement of financial position as at 31 March 2019**  
(before appropriation of the result and expressed in USD)

	<u>Notes</u>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>NON-CURRENT ASSETS</b>			
Loans due from joint venture	7	34,398,926	46,607,778
Interest due from joint venture	7	17,351,816	11,870,687
Investment in joint venture	6	1	1
		<u>51,750,743</u>	<u>58,478,466</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		5,799	5,689
Cash at bank		8,338	11,426
		<u>14,137</u>	<u>17,115</u>
<b>CURRENT LIABILITIES</b>			
Interest due to shareholder	9	-	-
Interest on loan due to shareholder		-	-
Amounts due to shareholder		-	-
Preliminary tax.		(716)	
Trade and other payables		78,506	57,458
		<u>77,790</u>	<u>57,458</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(63,653)</u>	<u>(40,342)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51,687,089	58,438,124
<b>LONG TERM LIABILITIES</b>			
Loans due to shareholder	8	58,200,000	58,200,000
Interest due to shareholder	8	16,592,089	11,314,661
<b>TOTAL LONG TERM LIABILITIES</b>		<u>74,792,089</u>	<u>69,514,661</u>
		<u><b>(23,104,999)</b></u>	<u><b>(11,076,537)</b></u>
<b>CAPITAL AND RESERVES</b>			
	9		
Issued and paid-up capital		32,375,611	35,505,109
Share premium reserve		172,908	1
Currency translation reserve		3,000,827	(128,671)
Retained earnings		(46,452,975)	(41,445,461)
Result for the year		(12,201,368)	(5,007,515)
		<u><b>(23,104,999)</b></u>	<u><b>(11,076,537)</b></u>

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**Statement of profit or loss and other comprehensive income for the period ended 31 March 2019**  
(expressed in USD)

	Notes	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018
<b>FINANCIAL INCOME/(EXPENSES)</b>			
Interest income on loan	7	5,481,129	4,710,275
Interest expense on loan	8	(5,277,429)	(4,511,395)
Foreign exchange result		8,468	(41,828)
Share of profit of joint venture	6	(12,208,852)	(5,056,906)
		<u>(11,996,684)</u>	<u>(4,899,854)</u>
<b>OTHER EXPENSES</b>			
General and administrative expenses		149,276	107,661
<b>OPERATING RESULT BEFORE TAXATION</b>		<u>(12,145,959)</u>	<u>(5,007,515)</u>
<b>TAXATION</b>			
Corporate income tax		55,409	-
<b>RESULT FOR THE YEAR</b>		<u><b>(12,201,368)</b></u>	<u><b>(5,007,515)</b></u>
		<u>01/04/2018 - 31/03/2019</u>	<u>01/04/2017 - 31/03/2018</u>
<b>RESULT FOR THE YEAR</b>		<b>(12,201,368)</b>	<b>(5,007,515)</b>
Other comprehensive income to be reclassified to profit or loss in subsequent years		-	-
Foreign exchange result		-	-
<b>Total comprehensive profit/(loss) for the year</b>		<u><b>(12,201,368)</b></u>	<u><b>(5,007,515)</b></u>

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Statement of changes in equity for the period ended 31 March 2019

	<u>01/04/2018- 31/03/2019</u>	<u>01/04/2017- 31/03/2018</u>
	USD	USD
<b><i>Issued and paid-up capital</i></b>		
At the begin of the year	35,505,109	7,834
Issuance of share capital	-	35,366,438
Result on change functional currency	-	-
Exchange result	<u>(3,129,498)</u>	<u>130,837</u>
Balance at the end of the year	<u>32,375,610</u>	<u>35,505,109</u>
<b><i>Currency translation reserve</i></b>		
At the beginning of the year	(128,671)	2,166
Exchange result	<u>3,129,498</u>	<u>(130,837)</u>
Balance at the end of the year	<u>3,000,827</u>	<u>(128,671)</u>
<b><i>Share premium reserve</i></b>		
At the begin of the year	1	35,101,031
Additions	177,150	128,287
Conversion to share capital	-	(35,255,955)
Exchange result	<u>(4,243)</u>	<u>26,637</u>
Conversion to share capital	<u>172,908</u>	<u>-</u>
Balance at the end of the year	<u>172,908</u>	<u>1</u>
<b><i>Accumulated deficit</i></b>		
At the begin of the year	(41,445,461)	(43,898,133)
Result on change functional currency	-	-
Appropriation of result previous period	<u>(5,007,515)</u>	<u>2,452,672</u>
Balance at the end of the year	<u>(46,452,976)</u>	<u>(41,445,461)</u>
<b><i>Result for the year</i></b>	<u>(12,201,368)</u>	<u>(5,007,515)</u>
<b>Total capital and reserves</b>	<u><b>(23,104,999)</b></u>	<u><b>(11,076,537)</b></u>

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### Statement of cash flow for the period ended 31 March 2019

	<u>Notes</u>	<u>31 March 2019</u>	<u>31 March 2018</u>
<b>Cash flows from operating activities</b>			
Income for the year	9	(12,201,368)	(5,007,515)
<b>Adjustments for:</b>			
Movements in loan due from joint venture	7	12,208,852	5,056,906
Movements in interest due from joint venture	7	(5,481,129)	(4,710,275)
Movements in goodwill		-	-
Movements in investment in joint venture	6	-	-
Movements in interest due to shareholder	8	5,277,428	4,511,395
<b>Changes in working capital</b>			
Receivables		(110)	(791)
Current liabilities		(21,049)	(7,484)
<i>Net cash generated from operating activities</i>		<u>(217,377)</u>	<u>(157,764)</u>
<b>Cash flows from investing activities</b>			
Acquisition of joint venture	6	-	-
Goodwill		-	-
<i>Net cash used in investing activities</i>		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Paid up capital	9	-	-
Share premium contribution		172,907	154,924
Loan payable	8	-	3,200,000
Loan receivable	7	-	(3,200,000)
Payable to shareholder		52,807	14,265
<i>Net cash used in financing activities</i>		<u>225,714</u>	<u>169,189</u>
Net increase in cash and cash equivalents		<u>8,337</u>	<u>11,426</u>
Cash and cash equivalents - beginning of year		11,426	-
Net increase/(decrease) in cash and cash equivalents		<u>(3,088)</u>	11,426
Cash and cash equivalents - end of year		<u>8,338</u>	<u>11,426</u>

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## Notes to the financial statements as at 31 March 2019

### 1. General

The Company is a limited liability company. The registered and actual address of the Company is Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands. The Company is a wholly owned subsidiary of Oil India Ltd., India. The Company is registered at the trade register under number 60605731.

The principal activities of the Company are to act as a holding and financing company.

The financial year 2018/2019 covers the period from 1 April 2018 till 31 March 2019.

In view of the international operations of the Group, the annual accounts have been drawn up in US dollar, the Company's functional currency.

### 2. Basis of preparation

#### *a) Statement of compliance*

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU-IFRS"), IFRIC interpretations, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *b) Basis of measurement*

The financial statements have been prepared using the equity method of accounting unless specifically mentioned in the notes.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all these as presented, unless otherwise stated.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income and expenses are accounted for in the period to which they relate. Profit is only included when realised on balance sheet date. Losses are recognised when realised or foreseen.

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### Notes to the financial statements as at 31 March 2019

#### 2. Basis of preparation (cont'd)

##### *c) Going concern*

There is a potential material uncertainty regarding the going concern. This is based upon the negative shareholders' equity of the Company as well as of its subsidiary, WorldAce Investments Limited and the breach of loan covenants. The Company has net assets of USD 30,448 and USD 58,200,000 in loans due to its shareholder. The shareholder has agreed not to seek repayments of these loans for the foreseeable future. Also, the shareholder has indicating their willingness to provide further funding up to 30 June 2020.

In 2018, WorldAce appointed a financial adviser to explore the market to ascertain the possibility of a potential sale of all or part of WorldAce's assets. That process is ongoing and is expected to continue during 2019.

On this basis, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

##### *d) Foreign currency translation*

All monetary assets and liabilities expressed in currencies other than USD have been translated at the rates of exchange prevailing at the balance sheet date, whereas non-monetary assets expressed in currencies other than USD are translated at historical rates. All transactions in foreign currencies have been translated into USD at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences have been recognised in the Profit and loss account except for the exchange differences arising from translation of share capital denominated in EUR, which are booked in the currency translation reserve.

The following exchange rate has been applied as at 31 March 2019:  
USD 1 = EUR 0.89008 (31 March 2018: USD 1 = EUR 0.81162).

##### *e) Critical accounting judgments*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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### Notes to the financial statements as at 31 March 2019

#### ***e) Critical accounting judgments (cont'd)***

##### Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined using valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

##### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment.

If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

### **3. Significant accounting policies**

#### ***a) Financial fixed assets***

##### Investments in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share

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### Notes to the financial statements as at 31 March 2019

#### 3. Significant accounting policies (cont'd)

##### a) Financial fixed assets (cont'd)

of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

##### b) *Financial instruments*

Long-term assets and liabilities are initially measured at fair value, which includes attributable transaction costs. Subsequent to initial measurement, the long-term assets and liabilities are stated at amortised cost using the effective interest method.

##### c) *Trade and other receivables*

Trade and other receivables are recognized and carried at the lower of their original face value and their recoverable amount. A provision is made where the estimated recoverable amount is lower than the carrying amount. Given the short-term maturity of these financial assets their book value is deemed to approximate their fair value.

##### d) *Cash and cash equivalents*

Cash and cash equivalents include cash at hand, bank balances and deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

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## Notes to the financial statements as at 31 March 2019

### 3. Significant accounting policies (cont'd)

#### *e) Trade accounts payable*

Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognized at fair value and subsequently measured and amortized using the effective interest method. Given the short-term maturity of these trade accounts payable their book value is deemed to approximate their fair value.

#### *f) Determination of income*

Dividend will be recognised when declared.

Other income and expenses are recognised in the year to which they are related. Profit is only recognised when realised on balance sheet date. Losses originating before the end of the financial year are taken into account if they become known before preparation of the financial statements.

#### *g) Corporation tax*

Corporation tax is calculated at the applicable tax rates based on the result before taxation shown in the Profit and loss account and taking into account tax allowances and tax adjustments. Deferred tax assets arising from tax loss carry forwards are only recognised if recovery is reasonably certain.

#### *h) Capital risk management*

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 March 2018 financial statements.

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## Notes to the financial statements as at 31 March 2019

### 4. Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

As from 1 April 2018, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards had a material effect on the financial statements as follows:

- IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 were adopted without restating the comparative information.

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

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### Notes to the financial statements as at 31 March 2019

#### 4. Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations (cont'd)

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

The Company has adopted IFRS 9 with a date of transition of 1 April 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 April 2018 are set out below.

#### **Impact of adoption**

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. Accordingly, as no remeasurements or reclassifications due to the adoption of IFRS 9 were determined, an adjustment to the opening retained earnings (or other components of equity, as appropriate) was not reported. In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

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### Notes to the financial statements as at 31 March 2019

#### 4. Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations (cont'd)

On 1 April 2018 for debt instruments held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). As a result, Management has classified its debt instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 April 2018, the Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, financial assets at amortised cost, cash and cash equivalents.

The Company has adopted the simplified expected credit loss model for its trade receivables as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost and cash and cash equivalents.

- *Other financial instruments:*  
For all other financial assets Management assessed that the Company's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result, all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus, there were no impact of adoption of IFRS 9 as of 1 April 2018.

At 31 March 2018, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 April 2018 the Company's financial liabilities continued to be classified at amortised cost.

The assessment of the impact of adoption of IFRS 9 on the Company's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on Management's conclusion are disclosed below.

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### Notes to the financial statements as at 31 March 2019

#### 4. Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations (cont'd)

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards (based on the fact that these standards are not applicable for the Company) that have been issued and adopted by the EU:

- IFRS 1
- Amendments to IFRS 2
- Amendments to IFRS 4
- Amendments to IAS 49
- Amendments to IFRS 1 and IAS 28
- IFRIC 22

#### *New Accounting Standards and Interpretations not yet mandatory or early adopted*

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 March 2019. At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards (as far as applicable for the company) that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS
- Standards 2015–2017 Cycle
- Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements,
- IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee
- Benefits
- Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial
- Statements and IAS 28
- (amendments)
- Sale or Contribution of Assets between an Investor and its Associate or Joint
- Venture
- IFRIC 23 Uncertainty over Income Tax Treatments

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## OIL INDIA INTERNATIONAL B.V.

### Notes to the financial statements as at 31 March 2019

#### 4. Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations (cont'd)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

#### 5. Financial risk management

The Company is to a certain level exposed to the following risk:

##### ***Currency risk***

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. The Company does run limited currency risk, due to invoices in euros from its local suppliers.

##### ***Interest rate risk***

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows. The Company does not run any interest rate risk on the loans as the floating base interests used are the same on both paid and received interest within the loan agreements.

##### ***Credit risk***

Credit risk is the risk that a counterpart will be unable to pay amounts in full when due. Management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. Standard contracts for oil sales include advanced payment terms and collections are monitored vigorously. As the Company does not have any trade receivables outstanding from third parties, this risk is minimal.

##### ***Liquidity risk***

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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# OIL INDIA INTERNATIONAL B.V.

## Notes to the financial statements as at 31 March 2019

### 6. Investment in joint venture

On 3 July 2014, the Company acquired 50% of the shares of WorldAce.

Details of the joint venture at year end are as follows.

<u>Name of joint venture</u>	<u>Principal activity</u>	<u>Registered office</u>	<u>Proportion of ownership interest</u>
WorldAce Investments Limited	Oil and gas exploration	Cyprus	50%

The financial year-end date of WorldAce is 31 December, because it is practically impossible to change the financial year-end due to local regulations. However, for the purposes of applying the equity method of accounting, the audited financial statements as per 31 December 2018 have been used (decreased with the interim accounts as per 31 March 2018) increased with the interim accounts as per 31 March 2019.

Summarized financial information in respect to WorldAce is set out below. The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

	<u>31 March 2019</u>	<u>31 March 2018</u>
	USD	USD
Non-current assets	81,793,153	99,635,047
Current assets	4,091,049	1,810,088
Current liabilities	6,437,679	6,252,126
Non-current liabilities	134,886,147	126,214,929

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## OIL INDIA INTERNATIONAL B.V.

### Notes to the financial statements as at 31 March 2019

#### 6 Investment in joint-venture (cont'd)

The above amounts of assets and liabilities include the following:

	<b>31 March 2019</b>	<b>31 March 2018</b>
	USD	USD
Cash and cash equivalents	124,714	119,417
Current financial liabilities	6,437,679	6,252,126
Non-current financial liabilities	134,886,147	126,214,929
	<b>01/04/2018 -</b>	<b>01/04/2017 -</b>
	<b>31/03/2019</b>	<b>31/03/2018</b>
	USD	USD
Revenue	2,397,124	2,897,080
Profit or loss from continuing operations	<b>(13,866,680)</b>	<b>(11,109,826)</b>
Post-tax profit or loss from continuing operations	(11,469,556)	(8,212,746)
Other comprehensive income	(10,551,024)	(1,901,065)
Total comprehensive income	<b>(22,020,580)</b>	<b>(10,113,811)</b>
Depreciation and amortization	-	-
Interest income	124,825	80,453
Interest expense	(9,460,766)	(8,189,372)

The above capital commitments in the joint venture are incurred jointly with Petroneft Resources Plc. The Company has a 50% share of these commitments.

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the financial statements:

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## OIL INDIA INTERNATIONAL B.V.

### Notes to the financial statements as at 31 March 2019

#### 6 Investment in joint-venture (cont'd)

	<u>31 March 2019</u>	<u>31 March 2018</u>
	USD	USD
Beginning of year	1	1
Result on investment over the period 1 April 2016 up to and including 31 December 2016	-	(4,432,578)
Result on investment over the period 1 January 2017 up to and including 31 March 2017	-	(624,328)
Adjustment for negative value as per 31 March 2017	-	5,056,906
Adjustment for negative value as per 31 March 2019	12,208,852	
Result on investment over the period 1 April 2018 up to and including 31 March 2019	(12,208,852)	
Value as per 31 March 2019	<u>1</u>	<u>1</u>

There is no unrecognized share of loss of the joint venture. No dividend has been paid by the joint venture.

#### 7 Loans and interest due from joint venture

On 3 July 2014, the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 45,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 45,000,000. Interest is payable at an interest rate of 6% + 3M LIBOR. The loan shall be repaid in full on or before 31 December 2025. Part of this loan has been reported as doubtful debts due to the realized loss of WorldAce.

Effective 21 March 2016 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 10,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 10,000,000. Interest is payable at an interest rate of 9% +3M LIBOR. The loan shall be repaid in full on or before 31 March 2021.

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## OIL INDIA INTERNATIONAL B.V.

### Notes to the financial statements as at 31 March 2019

#### **7 Loans and interest due from joint venture (cont'd)**

Effective 24 March 2017 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 4,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 3,200,000. Interest is payable at an interest rate of 9% + 3M LIBOR for interest accrued for the period to 31 December 2017. As long as the interest for the period to 31 December 2018 has not been paid by WorldAce, the interest on the amount withdrawn will be 14% + 3M LIBOR as from 1 January 2018. As per balance sheet date WorldAce did not pay the interest calculated on the period till 31 December 2017 nor the total amount of principal outstanding that exceeds USD 2,000,000. The remaining balance shall be repaid on 31 March 2021.

Following clause 7.2b of the Facility Agreements, considering that the value of the assets of WorldAce are less than its liabilities, the Company has decided not to recall the provided loans and accumulated interest until at least 12 months after balance sheet date. Therefore, also the accumulated interest be classified as non-current.

The movements in loan due from joint venture can be summarised as follows:

	<u>31 March 2019</u>	<u>31 March 2018</u>
	USD	USD
Beginning of year	46,607,778	48,464,683
Issue during the year	-	3,200,000
Provision for doubtful debts	<u>(12,208,852)</u>	<u>(5,056,906)</u>
Value as per 31 March 2019	<u>34,398,926</u>	<u>46,607,778</u>

#### **8 Loans and interest due to shareholder**

On 1 July 2014, the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 45,000,000 with its shareholder Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 45,000,000. Interest is payable at an interest rate of 5.65% + 3M LIBOR. The loan shall be repaid in full on or before 31 December 2025.

Effective 21 March 2016 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 10,000,000 with Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 5,000,000. Interest is payable at an interest rate of 8.65% + 3M LIBOR. The loan shall be repaid in full on or before 7 April 2021.

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## OIL INDIA INTERNATIONAL B.V.

### Notes to the financial statements as at 31 March 2019

#### 8 Loans and interest due to shareholder (cont'd)

Effective 24 March 2017 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 4,000,000 with its shareholder Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 3,200,000. Interest is payable at an interest rate of 8.65% + 3M LIBOR for interest accrued for the period to 31 December 2017. As long as the interest for the period to 31 December 2018 has not been paid by the Company, the interest on the amount withdrawn will be 13.65% + 3M LIBOR as from 1 January 2017. As per balance sheet date the Company did not pay the interest calculated on the period till 31 December 2017 nor the total amount of principal outstanding that exceeds USD 2,000,000. The remaining balance shall be repaid on 7 April 2021.

Following clause 7.2b of the Facility Agreements, considering that the value of the assets of the Company are less than its liabilities, the shareholder has decided not to recall the provided loans and accumulated interest until at least 12 months after balance sheet date. Therefore, also the accumulated interest be classified as non-current.

#### 9 Capital and reserves

On 23 February 2018, the Company issued 28,809,415 new shares. These new shares were fully paid in by the conversion into share capital of the share premium together with the intercompany to the shareholder. The total amount involved was EUR 28,808,415 (USD 35,366,438).

The share capital consists of 28,816,743 shares (31 March 2018: 28,816,743) of EUR 1 each, amounting to EUR 28,816,743 (31 March 2018: EUR 28,816,743).

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Notes to the financial statements as at 31 March 2019

**9 Capital and reserves (cont'd)**

During the year under review the shareholder made several share premium contributions for a total amount of USD 172,907 (EUR 153,901).

The movements in capital and reserves can be summarised as follows:

	<u>01/04/2018- 31/03/2019</u>	<u>01/04/2017- 31/03/2018</u>
	USD	USD
<b><i>Issued and paid-up capital</i></b>		
At the begin of the year	35,505,109	7,834
Issuance of share capital	-	35,366,438
Result on change functional currency	-	-
Exchange result	<u>(3,129,498)</u>	<u>130,837</u>
Balance at the end of the year	<u>32,375,610</u>	<u>35,505,109</u>
<b><i>Currency translation reserve</i></b>		
At the beginning of the year	(128,671)	2,166
Exchange result	<u>3,129,498</u>	<u>(130,837)</u>
Balance at the end of the year	<u>3,000,827</u>	<u>(128,671)</u>
<b><i>Share premium reserve</i></b>		
At the begin of the year	1	35,101,031
Additions	177,150	128,287
Conversion to share capital	-	(35,255,955)
Exchange result	<u>(4,243)</u>	<u>26,637</u>
Conversion to share capital	<u>172,908</u>	<u>-</u>
Balance at the end of the year	<u>172,908</u>	<u>1</u>
<b><i>Accumulated deficit</i></b>		
At the begin of the year	(41,445,461)	(43,898,133)
Result on change functional currency	-	-
Appropriation of result previous period	<u>(5,007,515)</u>	<u>2,452,672</u>
Balance at the end of the year	<u>(46,452,976)</u>	<u>(41,445,461)</u>
<b><i>Result for the year</i></b>	<u>(12,201,368)</u>	<u>(5,007,515)</u>
<b>Total capital and reserves</b>	<u><b>(23,104,999)</b></u>	<u><b>(11,076,537)</b></u>

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# OIL INDIA INTERNATIONAL B.V.

## Notes to the financial statements as at 31 March 2019

### **10 Audit fees**

With reference to Section 2:382a (1) and (2) of the DCC, the following fees for the period under review have been charged by RSM Netherlands Accountants N.V. to the Company: EUR 10,500 (2017-2018: EUR 10,500).

### **11 Managing directors**

As per 13 July 2018 the Company appointed Mr M.D. Gupta as Managing Director. The Company has four managing directors (31 March 2018: four) who received no remuneration during the year under review or previous year. The Company has no Supervisory Directors.

### **12 Employees**

The Company does not employ any staff and hence incurred no salary, related social security charges or pension costs in the year under review or previous year.

### **13 Related party transactions**

Loan due from shareholder and loan to joint venture:

Related party transactions are priced at an arm's length basis. For the terms and conditions on the loans to related parties, reference is made to Note 7 Loan and interest due from joint venture and Note 8 Loans and interest due to shareholder.

### **14 Proposed appropriation of result**

The Management proposes to carry forward the result for the financial period under review.

### **15 Post balance sheet events**

No events have occurred since 31 March 2019 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Managing Directors,

R.M. Forterie

S.K. Singh

M.D. Gupta

T.J. van Rijn

Amsterdam, 15 May 2019

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OIL INDIA INTERNATIONAL B.V.

**Supplementary information**

**Statutory provision of appropriation of result**

In accordance with article 21 of the Articles of Association the result for the year is at the disposal of the General Meeting of Shareholders. Dutch law stipulates that distributions may only be made to the extent the Company's equity is in excess of the reserves it is required to maintain by law and its Articles of Association. Moreover, no distributions may be made if the Management Board is of the opinion that, by such distribution, the Company will not be able to fulfil its financial obligations in the foreseeable future.

**Statement regarding the Auditor's report**

The independent auditor's report is set out on the next page.

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# RSM

**RSM Netherlands Accountants N.V.**

Breguetlaan 36  
1438 BC Oude Meer

P.O. Box 75127  
1117 ZR Schiphol  
The Netherlands

T +31(0)20 653 36 66

www.rsmnl.com

## INDEPENDENT AUDITOR'S REPORT

To: the shareholders and the Board of Directors of  
Oil India International B.V.

### A. Report on the audit of the financial statements 2018/2019

#### Our qualified opinion

We have audited the financial statements 2018/2019 of Oil India International B.V., based in Amsterdam.

In our opinion, except for the possible effects of the matter described in the 'Basis for our qualified opinion' section, the accompanying financial statements give a true and fair view of the financial position as at 31 March 2019, and of its result and its cash flows for 2018/2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the statement of financial position as at 31 March 2019;
2. the following statements for 2018/2019: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our qualified opinion

Oil India International B.V.'s investment in WorldAce Investments Limited, a foreign associate acquired during the year 2014/2015 and accounted for by the equity method, is carried at USD 1 on the balance sheet as at 31 March 2019, the loan due from WorldAce Investments Limited is carried at USD 34,398,926 and Oil India International B.V.'s share of WorldAce Investments Limited's net loss of USD 12,208,852 is included in Oil India International B.V.'s result for the year then ended.

We were unable to obtain sufficient appropriate audit evidence about the carrying amounts of Oil India International B.V.'s loan due from WorldAce Investments Limited as at 31 March 2019 and Oil India International B.V.'s share of WorldAce Investments Limited's result for the year, as well as for the figures as disclosed in note 6, because there were no audited financial statements of WorldAce Investments Limited as at 31 March 2019 available. The information available consisted of the audited financial statements of WorldAce Investments Limited as at 31 December 2018 and unaudited management accounts of WorldAce Investments Limited as at 31 March 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Oil India International B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

#### **Material uncertainty related to going concern**

We draw attention to the going concern paragraph on page 8 of the financial statements which indicates that the company's joint venture incurred significant losses during the previous years. As of 31 March 2019, the company's equity is still negative. These conditions, along with other matters as set forth in the note 'going concern', indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **B. Report on the other information**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information.

Except for the possible effects of the matter described in the "Basis for our qualified opinion" section, we conclude, based on the procedures performed, that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

#### **C. Description of responsibilities regarding the financial statements**

##### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Oude Meer, 15 May 2019

**RSM Netherlands Accountants N.V.**

Edwin P.H. van Ravenswoud RA

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