

**Magnasoft Spatial Services Inc
Independent Accountants' Audit Report
March 31, 2018**

**MagnasoftSpatial Services Inc
USA
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Independent Accountants' Audit Report

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DETAILS OF MEMBERS
Magnasoft Consulting India Ltd.

REGISTERED OFFICE
6000 East Evans Avenue Bldg 1,
Suite 360, Denver, Co 80222

Independent Accountants' Audit Report

Date: April 23, 2018

To the Members
Magnasoft Spatial Services Inc.
6000 East Evans Avenue Bldg 1,
Suite 360, Denver, Co 80222

Scope:

We have audited the accompanying financial statements of Magnasoft Spatial Services Inc. (company) which comprise the Balance sheet for the year ended March 31, 2018 and the related statements of operations, members' equity, and cash flows for the period ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

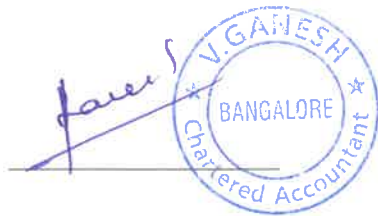


purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of Magnasoft Spatial Services Inc (company) as of March 31, 2018, and the results of its operations, and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.



V. GANESH
Chartered Accountant
M. No.: 208181

Magnasoft Spatial Services Inc
USA
Notes to the Financial Statements
For the year ended March 31, 2018

1) Nature of Operations

Magnasoft Spatial Services Inc is a Corporation, incorporated under the laws of the State of Delaware on May 17, 2002. The entity is engaged in providing services relating to Laser Scanning, GIS Mapping, LiDAR, Photogrammetry, Orthophoto Production and such other related services.

2) Significant Accounting Policies

Basis of Accounting:

The Company uses the accrual method of accounting for financial reporting purposes. The financial statements have been prepared in conformity with accounting principles generally accepted in the USA ("GAAP").

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the USA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid instruments purchased with an original maturity of twelve months or less to be cash equivalents.

Current assets and liabilities:

Assets and liabilities are classified as current if they are receivable and payable within twelve months of the balance sheet date; otherwise they are classified as long term. Current assets and liabilities are stated at nominal value, net of provision, if applicable.



Fair Value of Financial Instruments:

The carrying amounts for certain Company financial instruments, including cash and cash equivalents, certificates of deposits, amounts due to affiliates and member's advance, approximate fair value due to their short maturities.

Plant and Equipment:

Computers & Equipment are stated at historical cost and no depreciation is provided on the same.

Revenue Recognition:

Income is recognized in the period it is earned.

Expenses:

Expenses are recognized in the period these are incurred

Foreign currency translation principle:

Assets and liabilities denominated in currencies other than US Dollars are translated at the rate prevailing at the balance sheet date. Transactions in currencies other than US Dollars during the year are translated into US Dollars at the rate prevailing on the transaction date. Foreign exchange gains and losses are included in Statement of Operations.

3) Related Party Transaction

Magnasoft Consulting India Ltd. is the holding company of Magnasoft Spatial Services Inc. During the year, Magnasoft Consulting India Private Ltd. provided loan amounting to \$ 1,70,961 to its subsidiary company, so the outstanding at the year ended is \$ 3,31,197.

During the year Magnasoft Spatial Services Inc outsourced the GIS development work to Magnasoft Consulting India Private Ltd and the cost of the same is \$ 9,31,402 and the outstanding at the year ended is \$ 3,42,019.

Magnasoft Europe Ltd is a fellow subsidiary of Magnasoft Consulting India Private Ltd. During the year, Magnasoft Spatial Services Inc advanced loan amounting to \$ 6,980 to Magnasoft Europe Limited, so the outstanding at the period end is \$ 62,449.



Magnasoft Spatial Services, Inc.
Standalone balance sheet as at 31 March 2018

		<i>Amount (in USD)</i>	
		As at	As at
	Note	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Financial Assets			
- Other non-current financial assets	3	2,646	2,646
Other non-current assets	4	62,449	55,919
Total non-current assets		65,095	58,565
Current assets			
Financial assets			
- Trade receivables	5	3,06,367	4,22,070
- Cash and cash equivalents	6	29,246	4,767
- Other current financial assets	7	2,715	2,715
Other current assets	8	33,335	33,315
		3,71,663	4,62,867
Assets classified as held for sale			
Total current assets		3,71,663	4,62,867
Total assets		4,36,758	5,21,432
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	1	1
Other equity	10	(2,74,313)	(2,86,622)
Total equity		(2,74,312)	(2,86,621)
Current liabilities			
Short term borrowings	11	3,31,197	1,60,236
Other current liabilities	12	3,79,873	6,47,817
Total current liabilities		7,11,070	8,08,053
Total equity and liabilities		4,36,758	5,21,432

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for

Chartered Accountants

Firm registration number:

for

 Member

Membership no.:

Place: Bangalore

Date: 23 April 2018

Bobbie H Kalra

Bobbie H Kalra

Managing Director

DIN: 00324575

Bangalore

Date: 23 April 2018

V.GANESH
 Chartered Accountant
 M. No.: 208181

Magnasoft Spatial Services, Inc.

Standalone statement of profit and loss for the year ended 31 March 2018

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	13	9,87,487	10,65,564
Other income	14	-	79,866
Total income		9,87,487	11,45,430
Expenses			
Other expenses	15	9,75,178	11,52,891
Total expenses		9,75,178	11,52,891
Profit/(loss) for the year		12,309	(7,461)
Earnings per equity share			
- Basic and Diluted		12,309	(7,461)

Significant accounting policies

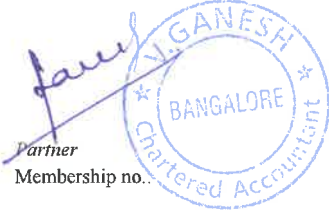
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for

Chartered Accountants

Firm registration number:



Partner

Membership no.

Place: Bangalore

Date: 23 April 2018

Bobbie H Kalra

Managing Director

DIN: 00324575

Bangalore

Date: 23 April 2018

V.GANESH
Chartered Accountant
M. No.: 208181

Magnasoft Spatial Services, Inc.
Standalone statement of changes in equity for the year ended 31 March 2018

a Equity share capital

	<i>Amount (in USD)</i>	
	As at 31 March 2018	As at 31 March 2017
<i>Equity shares of USD 1 each issued, subscribed and fully paid</i>		
Balance at the beginning of the reporting period	1	1
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	1	1

b Other Equity

For the year ended 31 March 2018

Particulars	<i>Amount (in USD)</i>	
	Reserves and Surplus Retained Earnings	Equity attributable to owners of the company
Balance as at 1 April 2017	(2,86,622)	(2,86,622)
Changes in accounting policy/ prior period errors	-	-
Restated balance as at 1 April 2017	(2,86,622)	(2,86,622)
Profit or (loss) during the year	12,309	12,309
Total comprehensive income	(2,74,313)	(2,74,313)
Contributions and distributions:		
Dividends	-	-
Balance as at 31 March 2018	(2,74,313)	(2,73,769)

For the year ended 31 March 2017

Particulars	<i>Amount (in USD)</i>	
	Reserves and Surplus Retained Earnings	Equity attributable to owners of the company
Balance as at 1 April 2016	(2,79,161)	(2,79,161)
Changes in accounting policy/ prior period errors	-	-
Restated balance as at 1 April 2016	(2,79,161)	(2,79,161)
Profit or (loss) during the year	(7,461)	(7,461)
Total comprehensive income	(7,461)	(7,461)
Contributions and distributions:		
Dividends	-	-
Balance as at 31 March 2017	(2,86,622)	(2,86,622)

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for

Chartered Accountants

Firm registration number:

Partner

Membership no.:

Place: Bangalore

Date: 23 April 2018

V.GANESH
Chartered Accountant
M. No.: 208181



Bobbie H Kalra

Bobbie H Kalra
Managing Director
DIN: 00324575

Bangalore
Date: 23 April 2018

Magnasoft Spatial Services, Inc.

Standalone statement of cash flows for the year ended 31 March 2018

	For the year ended 31 March 2018	<i>Amount (in USD)</i> For the year ended 31 March 2017
Cash flows from operating activities		
Profit for the period	12,309	(7,461)
Adjustments for:		
Provision no longer required written back	-	(79,866)
Provision for doubtful debts	21,360	-
Operating cash flow before working capital changes	<u>33,669</u>	<u>(87,327)</u>
<i>Changes in</i>		
- Trade receivables	94,343	(1,85,233)
- Current and non-current financial assets	-	-
- Other current and non-current assets	(6,550)	(6,287)
- Other current and non-current liabilities	<u>(2,67,944)</u>	<u>4,79,348</u>
Cash generated from operations	<u><u>(1,46,482)</u></u>	<u><u>2,00,501</u></u>
Cash flows from financing activities		
Proceeds/ (Repayment) of short term borrowings	<u>1,70,961</u>	<u>(2,78,902)</u>
Net cash used in financing activities	<u><u>1,70,961</u></u>	<u><u>(2,78,902)</u></u>
Increase in cash and cash equivalents	24,479	(78,401)
Cash and cash equivalents at the beginning of the year	<u>4,767</u>	<u>83,168</u>
Cash and cash equivalents at the end of the period	<u><u>29,246</u></u>	<u><u>4,767</u></u>
Components of cash and cash equivalents		
Balances with banks:		
- in current accounts	<u>29,246</u>	<u>4,767</u>
Cash and cash equivalents at the end of the period	<u><u>29,246</u></u>	<u><u>4,767</u></u>

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for

Chartered Accountants

Firm registration number:



Partner

Membership no.:

Place: Bangalore

Date: 23 April 2018

Bobbie H Kalra

Managing Director

DIN: 00324575

Bangalore

Date: 23 April 2018

V. GANESH
Chartered Accountant
M. No.: 203131

Magnasoft Spatial Services, Inc.
Notes to the financial statements for the year ended 31 March 2018

1 Nature of Operations

Magnasoft Spatial Services Inc is a Corporation, incorporated under the laws of the State of Delaware on May 17, 2002. The entity is engaged in providing services relating to Laser Scanning, GIS Mapping, LiDAR, Photogrammetry, Orthophoto Production and such other related services.

2 Significant Accounting Policies

a. Basis of Accounting:

The Company uses the accrual method of accounting for financial reporting purposes. The financial statements have been prepared in conformity with accounting principles generally accepted in the USA ("GAAP").

b. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the USA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

c. Cash and Cash Equivalents:

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

d. Current assets and liabilities:

Assets and liabilities are classified as current if they are receivable and payable within twelve months of the balance sheet date; otherwise they are classified as long term. Current assets and liabilities are stated at nominal value, net of provision, if applicable.

e. Fair Value of Financial Instruments:

The carrying amounts for certain Company financial instruments, including cash and cash equivalents, certificates of deposits, amounts due to affiliates and member's advance, approximate fair value due to their short maturities.

f. Plant and Equipment:

Computers & Equipment are stated at historical cost and no depreciation is provided on the same.

g. Revenue Recognition:

Income is recognized in the period it is earned.

h. Expenses:

Expenses are recognized in the period these are incurred

i. Foreign currency translation principle:

Assets and liabilities denominated in currencies other than US Dollars are translated at the rate prevailing at the balance sheet date. Transactions in currencies other than US Dollars during the year are translated into US Dollars at the rate prevailing on the transaction date. Foreign exchange gains and losses are included in Statement of Operations.



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Magnasoft Spatial Services, Inc.

Notes to the standalone financial statements for the year ended 31 March 2018

3 Other non-current financial assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Security Deposits	2,646	2,646
	2,646	2,646

4 Other non-current assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Advances to related parties	62,449	55,919
	62,449	55,919

5 Trade receivables

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Current		
<i>Unsecured, considered good</i>		
Trade receivables	3,06,367	4,22,070
<i>Doubtful</i>		
Trade receivables	2,20,538	1,99,178
	5,26,905	6,21,248
Less: allowance for doubtful debts	(2,20,538)	(1,99,178)
	3,06,367	4,22,070

6 Cash and cash equivalents

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Balances with banks		
- in current accounts	29,246	4,767
	29,246	4,767

7 Other current financial assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Others		
Staff advance	2,715	2,715
	2,715	2,715

8 Other current assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2018	31 March 2017
Advances other than capital advances:		
- for supply of goods and rendering of services	23,510	23,490
Prepayments	9,825	9,825
	33,335	33,315



Magnasoft Spatial Services, Inc.

Notes to the standalone financial statements for the year ended 31 March 2018

9 Share capital

(a) Particulars	Amount (in USD)	
	As at 31 March 2018	As at 31 March 2017
Authorised		
1 (31 March 2016: 1, 1 April 2015: 1) equity shares of USD 1 each	1	1
	<u>1</u>	<u>1</u>
Issued, subscribed and fully paid up		
1 (31 March 2016: 1, 1 April 2015: 1) equity shares of USD 1 each	1	1
	<u>1</u>	<u>1</u>

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year is as given below:

	Amount (in USD) (except share data)			
	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1	1	1	1
Add: Shares issued/converted during the year*	-	-	-	-
Number of shares outstanding at the end of the year	1	1	1	1

(c) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has one class of equity shares having a par value of USD 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts if any, in proportion to their shareholding.

(d) Particulars of each class of shares held by holding, ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company

Particulars	As at	As at
	31 March 2018	31 March 2017
<u>Equity Shares</u>		
Magnasoft Consulting India Private Limited	1	1

(e) Equity shareholders holding more than 5% of equity shares along with the number of equity preference shares held at the beginning and at the end of the year is as given below:-

Name of the shareholder	As at 31 March 2018		As at 31 March 2017	
	% of holding	No of shares	% of holding	No of shares
Magnasoft Consulting India Private Limited	100.00%	1	100.00%	1

(f) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

10 Other equity

Particulars	Amount (in USD)	
	As at 31 March 2018	As at 31 March 2017
Retained earnings		
At the commencement of the year	(2,86,622)	(2,79,161)
Add: Net profit for the year	12,309	(7,461)
At the end of the year	<u>(2,74,313)</u>	<u>(2,86,622)</u>



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Magnasoft Spatial Services, Inc.

Notes to the standalone financial statements for the year ended 31 March 2018

11 Short term borrowings

Particulars	Amount (in USD)	
	As at 31 March 2018	As at 31 March 2017
Advances from related parties	3,31,197	1,60,236
	3,31,197	1,60,236

12 Other current liabilities

Particulars	Amount (in USD)	
	As at 31 March 2018	As at 31 March 2017
Others		
Advance from customers	37,854	-
- Creditors for expenses	3,42,019	6,47,817
	3,79,873	6,47,817



Magnasoft Spatial Services, Inc.

Notes to the standalone financial statements for the year ended 31 March 2018

13 Revenue from operations

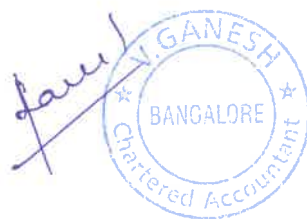
Particulars	Amount (in USD)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of services		
- Income from software development and related services	9,87,487	10,65,564
	9,87,487	10,65,564

14 Other income

Particulars	Amount (in USD)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Other non-operating income		
- Provision no longer required written back	-	79,866
	-	79,866

15 Other expenses

Particulars	Amount (in USD)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of purchased services	9,31,402	10,84,347
Rent	-	-
Travelling and conveyance	-	386
Legal, professional and consultancy charges	5,150	11,830
Communication expenses	4,344	1,500
Office maintenance and utilities	2,400	2,400
Insurance	-	-
Bad debts written off	-	45,600
Provision for doubtful debts	21,360	-
Bank Charges	10,500	6,827
Miscellaneous expenses	22	1
	9,75,178	11,52,891



Bobbet

V. GANESH
Chartered Accountant
M. No.: 208181