RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

Independent Auditor’s Report

TO THE MEMBERS OF RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of **Reliance Global Energy Services (Singapore) Pte Ltd** (the "company"), which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year then ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Chartered Accountants

April 21, 2017

Singapore

Statement of Financial Position
March 31, 2017

	Note	2017	2016
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents	6	2,252,976	625,134
Trade receivables	7	179,370,342	97,167,010
Derivative financial instruments	8	23,468,571	49,850,672
Intercompany receivables - non trade	9	10,043,169	-
Other receivables and prepayments	10	5,093,848	74,212
Inventories	11	70,665,692	57,184,268
Total current assets		**290,894,598**	**204,901,296**
Non-current assets			
Other receivables and prepayments	10	110,282	120,137
Plant and equipment	12	165,684	225,285
Total non-current assets		**275,966**	**345,422**
Total assets		**291,170,564**	**205,246,718**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	257,926,965	160,946,514
Short term borrowings	14	10,000,000	-
Derivative financial instruments	8	20,657,777	35,319,269
Income tax payable		-	365,260
Total current liabilities		**288,584,742**	**196,631,043**
Capital and reserves			
Share capital	15	1,175,180	1,175,180
Exchange reserves		1,923	1,923
Accumulated profits		1,408,719	7,438,572
Total equity		**2,585,822**	**8,615,675**
Total liabilities and equity		**291,170,564**	**205,246,718**

See accompanying notes to financial statements.

Statement of Profit or Loss and other Comprehensive Income
Year ended March 31,2017

	Note	2017	2016
		US$	US$
Revenue	**16**	**1,814,234,812**	**1,152,329,820**
Cost of sales		**(1,814,033,421)**	**(1,139,946,887)**
Gross profit		**201,391**	**12,382,933**
Other operating income		197,696	51,811
Staff costs		(3,421,336)	(3,951,573)
Other operating expenses	17	(977,673)	(555,868)
Finance costs	18	(2,651,029)	(1,972,462)
(Loss)/Profit before income tax	**19**	**(6,650,951)**	**5,954,841**
Income tax expense	20	621,098	(300,009)
(Loss)/Profit for the year		**(6,029,853)**	**5,654,832**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences in foreign currency translation reserve		-	(253,006)
Total comprehensive (loss)/income for the year		**(6,029,853)**	**5,401,826**

See accompanying notes to financial statements.

Statement of Changes in Equity
Year ended March 31, 2017

	Share capital	**Exchange reserves**	**Accumulated profits**	**Total**
	US$	**US$**	**US$**	**US$**
Balance at April1, 2015	1,175,180	254,929	1,783,740	3,213,849
Total comprehensive income for the year				
Profit for the year	-	-	5,654,832	5,654,832
Other comprehensive lossfor the year	-	(253,006)	-	(253,006)
Total	**-**	**(253,006)**	**5,654,832**	**5,401,826**
Balance at March 31, 2016	1,175,180	1,923	7,438,572	8,615,675
Netloss for the year, representing total comprehensive loss for the year	-	-	(6,029,853)	(6,029,853)
Balance at March 31, 2017	**1,175,180**	**1,923**	**1,408,719**	**2,585,822**

See accompanying notes to financial statements.

Statement of Cash Flows
Year ended March 31, 2017

	2017	2016
	US$	US$
Cash flows from operating activities		
(Loss)/Profit before income tax	**(6,650,951)**	5,954,841
Adjustments for:		
Interest expense (Note 18)	**2,192,073**	1,628,474
Depreciation expense (Note 12)	**59,601**	63,278
Fair value loss/(gain) on derivativesand inventories	**11,720,609**	(21,824,155)
Operating cash flows before working capital changes	**7,321,332**	(14,177,562)
Trade receivables	**(82,203,332)**	(9,291,735)
Other receivables and prepayments	**(5,009,781)**	9,280,063
Intercompany receivables - non trade	**(10,043,169)**	-
Inventories	**(13,481,424)**	108,271,873
Trade and other payables	**96,980,451**	(93,819,383)
Cash (used in)/generatedfrom operations	**(6,435,923)**	263,256
Interest paid	**(2,192,073)**	(1,628,474)
Income tax refund (paid)	**255,838**	(255,849)
Net cash used inoperating activities	**(8,372,158)**	(1,621,067)
Cash flows from investing activity		
Purchase of plant and equipment, representing net cash used in investing activity	-	(133,787)
Cash flows from financing activities		
Proceeds from short term loans	**30,000,000**	-
Payment of short term loans	**(20,000,000)**	-
Net cash from financing activities	**10,000,000**	-
Net increase/(decrease) in cash and cash equivalents	**1,627,842**	(1,754,854)
Currency translation differences	**-**	(253,006)
Cash and cash equivalents at the beginning of the year (Note 6)	**625,134**	2,632,994
Cash and cash equivalents at the end of the year (Note 6)	**2,252,976**	**625,134**

See accompanying notes to financial statement

Notes to Financial Statements
March 31, 2017

1 GENERAL

The company (Registration No. 200816056M) is incorporated in Singapore with its principal place of business and registered office at #16-01 Raffles City Towers, 250 North Bridge Road, Singapore 179101. The financial statements are expressed in United Statesdollars.

The principal activities of the company are those of trading in crude oil, petroleum, petrochemicals and refined oil products. The Company also acts as an agent for and on behalf of Reliance Group for the procurement of crude oil, sale of petroleum product, shipping and other related activities.

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on April 21, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventoriesor value in use in FRS 36Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2016, the company adopted all the new and revised FRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the company were issued but not effective:

- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative[1]
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses: Disclosure Initiative[1]
- FRS 109 Financial Instruments[2]
- FRS 115 Revenue from Contracts with Customers (with clarifications issued)[2]
- FRS 116 Leases[3]

1 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

2 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

3 Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS115 is adopted.

The management anticipates that the adoption of the above FRSs and amendments to FRSs will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

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FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the recognition and measurement of loans and receivables. Additional disclosures will also be made, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.

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March 31, 2017

- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue. Additional disclosures will also be made with respect to revenue, including any significant judgement and estimation made. Management is in the process of performing an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statement in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets

<u>Cash and cash equivalents</u>

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

<u>Loan and receivables</u>

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loan and receivables". Loan and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

<u>Impairment of financial assets</u>

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Derecognition of financial assets</u>

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the

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company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term balances when the recognition of interest would be immaterial.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The company's activities expose it primarily to commodity price risk. The company uses derivative financial instruments such as oil-related futuresand swaps to manage its risks associated with the changes in commodity prices. Further details of derivative financial instruments are disclosed in Note 8 to the financial statements.

Derivatives are initiallyrecognised at fair value at the date a derivative contract is entered into and are subsequently remeasuredto their fair value at the date of each reporting period. Derivatives are presented on the statement of financial position as derivative receivables and derivative payables.

The resulting gain or loss arising from changes in the fair value of derivative financial instruments arerecognised in profit or loss immediately in cost of sales.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of defaults, insolvency or bankruptcy.

INVENTORIES - Inventories comprising energy products are measured at fair value less costs to sell. The resulting gain or loss arising from changes in fair value is reported in cost of sales.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a written down value basis over their estimated useful lives at the following rates:

Computer Equipment	-	40.0 % per annum
Fixtures and fittings	-	18.1 % per annum
Other equipment	-	18.1 % per annum

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The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF NON- FINANCIAL ASSETS - At the end of each reporting period, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivables. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to Financial Statements
March 31, 2017

Service income

Service charges represent invoiced value of expenditures incurred by the Company plus mark up.

Interest income

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

Rental income

The Company's policy for recognition of revenue from operating leases is described above.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the company are presented in United States dollar, which is the functional currency of the company.

In preparing the financial statements, transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying the company's accounting policies

The management is of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of the fair value of the inventories, physical forward contracts and derivative commodities contracts

The fair value of the inventories, physical forward contracts and derivative commodities contracts outstanding at the end of the reporting period, where market prices are not quoted and is subject to estimation uncertainty, is determined by using valuation techniques. The company uses valuation models to determine the fair value based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period. A sensitivity analysis of the impact on the company's profit or loss arising from changes in market price is set out on Note 4(c)(i) to the financial statements. The fair values of the inventories and physical forward and derivative commodities contracts are disclosed in Notes11 and 8to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	2017	2016
	US$	US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**196,720,166**	97,972,179
Derivative financial instruments	**23,468,571**	49,850,672
Financial liabilities		
Payables, at amortised cost	**267,926,965**	160,946,514
Derivative financial instruments	**20,657,777**	35,319,269

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The company does not have any financial instruments which are subject to enforceable master netting arrangements orsimilar netting agreements.

(c) Financial risk management policies and objectives

The company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the company. The ultimate holding company, provides principles for overall risk management and policies covering specific areas, such as, credit risk, foreign exchange risk, interest rate risk. Such policies are reviewed annually by the board of directors of the company and periodic reviews are undertaken by management to ensure that the policy guidelines are complied with. Risk management is carried out by the treasury department under policies approved by the ultimate holding company.

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The company uses a variety of derivative financial instruments to manage its exposure to market risk including commodity swaps and futures to hedge a particular risk associated with the trade receivables and trade payables, and firm commitments to buy or sell goods.The company does not hold or issue derivative financial instruments for speculative purposes.

The main financial risks that the company is exposed to and how it manages these risks are set out below:

(i) Oil price risk

The company is exposed to the risk of fluctuating oil prices which are affected by a wide range of global and domestic factors which are beyond the control of the company.

The company engages in economic hedging activities with the objective of managing risks; it also takes trading positions. The company has formulated a risk management policy documenting, amongst other things, the scope of risk management, roles and responsibility and risk tolerance. The risk management policy covers price exposure arising from inventories which are non-financial instruments, and the trading of derivative financial instruments. Derivative transactions entered into for economic hedging purposes are monitored for appropriateness in terms of size, direction, and strategy. Under the risk management policy, all the derivative contracts have to be approved by the senior management of the company.

The company's derivative financial instruments are measured at fair value provided by financial institutions with reference to the quoted oil futures prices.

At the end of the reporting period, the carrying amount of inventories and net outstanding physical and financial derivatives positions are as follows:

		2017	2016
		US$	US$
a)	Inventories(Note 11)	**70,665,692**	57,184,268
b)	Positive fair value of outstanding financial derivatives positions (Note 8)	**23,468,571**	49,850,672
c)	Negative fair value of outstanding financial derivatives positions (Note 8)	**(20,657,777)**	(35,319,269)
	Net	**73,476,486**	**71,715,671**

Price sensitivity analysis

The following table details the impact on the company's profit or loss as a result of a 5% change in the commodity prices.

If the commodity prices were to decrease by 5%, profit will increase (decrease) by:

	2017	2016
	US$	US$
Inventories	**(3,543,473)**	(2,851,778)
Net outstanding financial derivatives positions (including physical forward contracts)	**(1,969,999)**	(3,217,478)
Net	**(5,513,472)**	**(6,069,256)**

For a 5% increase in the commodity prices, the profit or loss will (increase) decrease by the same amount as above.

(ii) Interest rate risk management

The company is exposed to limited interest rate risk.

No sensitivity analysis is prepared as the company does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on the deposits at the end of the reporting period.

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(iii) Foreign exchange risk management

The company's revenue and purchases are mainly denominated in United States dollars. The exchange risk arises primarily from Singapore dollars, the currencies in which some services and administrative expenses are incurred.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	2017		2016	
	S$	**Others**	**S$**	**Others**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Financial assets				
Cash and cash equivalents	177	-	553	1
Trade receivables	308	-	177	97
Other receivables	44	-	14	10
Total	**529**	**-**	**744**	**108**
Financial liabilities				
Trade and other payables	(35)	-	(2,559)	(173)
Net	494	-	(1,815)	(65)

No sensitivity analysis is prepared as the company does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to exchange rates at the end of the reporting period.

(iv) Credit risk

The company's principal financial assets are cash and bank balances, trade and other receivables, derivative financial instruments, amounts due from related companies, immediate and intermediate holding companies and deposits placed with brokers. The balances in the statement of financial position represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade receivables and amounts due from related companies and immediate holding company. The company has a few major customers resulting in concentration of credit risk. The top 5 largest customers and the largest customer of the company accounted for 81% and 30% (2016 :94% and 29%) respectively of the total receivables as at March 31, 2017. Management considers the credit risk to be low as these customers are large reputable corporations and there have been no historical default of payments by the respective customers. Further credit risk for 87% (2016 :45%) of top 5 customers is covered under irrevocable documentary letter of credit issued by A1/P1 rated bank.Further, the management has monitoring procedures to ensure that follow-up action is taken to monitor the recoverability of amounts due from related companies and immediate holding company. Accordingly, the management considers the credit risk to be low.

An allowance is made where there is an identified loss event which, based on previous experiences, is evidence of a reduction in the recoverability of the cash flows. Management has evaluated the credit risk relating to outstanding debts and amount due from immediate holding company at year end and has determined that they are fully recoverable.

Management considers the credit risk on liquid funds to be limited as these funds are placed with reputable banks.

(v) Liquidity risk

Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through equity and working capital arrangements.

Substantially all of financial assets and liabilities as at the end of the reporting period are repayable on demand or due within 12 months (2016 : 12 months) from the end of the reporting period.

The company's derivative financial assets and liabilities comprise futures and swap contracts which are interest-free and have settlement dates within 1 year from the end of the reporting period.

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(vi) Fair value of financial assets and liabilities and derivative financial instruments

The company's derivatives financial instruments and inventories are measured at fair value on a recurring basis.

Management considers that the carrying amounts of financial assets and financial liabilities of the company recorded at amortised cost in the financial statements approximate their respective fair value due to the relatively short term maturity of these financial instruments.

The fair values of financial assets and financial liabilities are determined as follows:

1. the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
2. the fair value of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
3. the fair value of derivative instruments are determined using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives.

	Total	**Level 1**	**Level 2**	**Level 3**
	US$	**US$**	**US$**	**US$**
2017				
Financial assets				
Derivative financial Instruments	23,468,571	-	23,468,571	-
Financial liabilities				
Derivative financial Instruments	(20,657,777)	-	(20,657,777)	-
2016				
Financial assets				
Derivative financial Instruments	49,850,672	-	49,850,672	-
Financial liabilities				
Derivative financial instruments	(35,319,269)	-	(35,319,269)	-

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the financial period.

(d) ***Capital risk management policies and objectives***

The company's objectives in managing its capital (the company's shareholder's fund) as a going concern includes preserving its overall financial health and strength for the benefit of all stakeholders and safeguarding its ability to continue generating sustainable long term profitability. The capital structure of the company consists of issued capital and accumulated profits. The company's overall strategy remains unchanged from 2016.

5 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The company isa wholly-owned subsidiary of Reliance Industries Limited, incorporated in India. Related companies in these financial statements refer to members of the holding company's group of companies.

Many of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, and repayable on demand, unless otherwise stated.

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Significant intercompany transactions are as follows:

	2017	2016
	$	$
Holding company		
Service charges earned	**1,115,892**	1,634,654
Purchases of goods	**410,665,990**	594,868,273
(Recoveries) Other direct costs (included in cost of sales)	**(4,490,385)**	(9,986,922)
Delayed payment interests (included in finance cost)	**1,956,181**	1,628,406
Corporate guarantee fee paid	**26,630**	26,811
Related company		
Service charges paid	**30,930**	28,750
Interest on loan	**88,218**	-
Rental income	**12,229**	56,004
Service charges earned	**1,168,141**	649,678

Some of the company's transactions and arrangements and terms thereof are with related parties. The balances are unsecured, interest-free and repayable on demand, unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and key management during the period was as follows:

	2017	**2016**
	$	**$**
Short-term benefits	**432,159**	295,404

Key management comprises only the directors.

The remuneration of directors and key management is determined by the board of directors having regard to the performance of individuals and market trends. Some of the the directors received remuneration from related corporations in their capacity as directors/executives of these related corporations.

6 CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash at bank	**2,252,976**	625,134

7 TRADE RECEIVABLES

	2017	2016
	$	$
Outside parties	**171,473,619**	83,527,227
Due from ultimate holding company	**7,788,415**	13,540,616
Due from related companies	**108,308**	99,167
Total	**179,370,342**	**97,167,010**

The average credit period on sale of goods or services is 30days (2016:30 days.). Amounts due from ultimate holding company are unsecured with credit period of 60 days. No interest is charged on the outstanding balance if paid within the credit period.

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The allowance for doubtful receivables has been determined after assessment of the age profile of debts, specific circumstances relating to these debts and by reference to past default experience. Management considers trade receivables which are neither past due nor impaired at the end of the reporting period to be of good credit quality and recoverable.

Included in the company's trade receivable balance are debtors with a carrying amount of US$ 6,934,510 (2016: $5,619,647) which are past due at the end of reporting period for which the company has not provided as there has not been a significant change in credit quality and the amounts are considered recoverable.

The average age of these receivables are as follows:

	2017	2016
	$	$
61 days to 90 days	**189,172**	235,344
90days and above	**6,745,338**	5,384,303
	6,934,510	5,619,647

8 DERIVATIVES RECEIVABLE AND DERIVATIVES PAYABLE

The table below sets out the notional principal amounts and the positive and negative fair values of the outstanding derivative financial instruments as at the end of the reporting year:

Gross Notional	**Gross positive principal**	**Net negative fair value**	**fair value fair value**	**gain/(loss)**
	US$	**US$**	**US$**	**US$**
2017				
Physical Forwards	25,350,000	1,902,500	-	1,902,500
Commodity swaps	768,844,791	20,541,740	(20,356,834)	184,906
Commodity futures	104,120,887	1,024,331	(300,943)	723,388
Total	**898,315,678**	**23,468,571**	**(20,657,777)**	**2,810,794**
2016				
Physical forwards	98,796,564	1,942,842	(2,804,000)	(861,158)
Commodity swaps	802,570,303	47,763,056	(31,735,291)	16,027,765
Commodity futures	30,914,124	144,774	(779,978)	(635,204)
Total	**932,280,991**	**49,850,672**	**(35,319,269)**	**14,531,403**

All derivative financial instruments mature within 12 months from the reporting date.

9 RELATED COMPANY RECEIVABLES- NON TRADE

Related company receivables:

	2017	2016
	$	$
Short term loans receivables	**10,000,000**	-
Interest receivable	**43,169**	-
Total	**10,043,169**	**-**

The short term loan is being provided to a related company for a maximum tenure of 12 months at an interest rate of 1.10 percent plus one month LIBOR.

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10 OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
	US$	US$
Current:		
Cash margin with brokers	**3,863,339**	-
Demurrage receivables	**1,146,289**	-
Prepayments	**40,169**	59,898
Others	**44,051**	14,314
	5,093,848	74,212
Non-current:		
Deposits	**110,282**	120,137
Total	**5,204,130**	**194,349**

11 INVENTORIES

	2017	2016
	US$	US$
Inventories, at fair value	**70,665,692**	57,184,268

Inventories at reporting date represent petroleum products.Effective April 1, 2015, management has determined that the company meet the criteria mentioned in FRS 2 - Inventories, Para 3 (b) as a commodity broker-trader. Accordingly, the company's inventories are stated at fair value as allowed under FRS 2 Inventories. For financial reporting purposes, the company classifies fair value measurement of inventories in accordance with Note 4(vi). Accordingly, the fair value measurement for inventories is classified as Level 2 at March 31, 2017 and March 31, 2016.

12 PLANT AND EQUIPMENT

	Fixtures and fittings	**Computer equipment**	**Office equipment**	**Total**
	US$	US$	US$	US$
Cost:				
At April 1, 2015	210,113	186,472	97,935	494,520
Additions	-	133,787	-	133,787
At March 31, 2016 and March 31, 2017	210,113	320,259	97,935	628,307
Accumulated depreciation:				
At April 1, 2015	151,423	163,130	25,191	339,744
Depreciation for the year	10,616	50,892	1,770	63,278
At March 31, 2016	162,039	214,022	26,961	403,022
Depreciation for the year	8,701	42,495	8404	59,601
At March 31, 2017	170,740	256,517	35,365	462,623
Carrying amount:				
At March 31, 2016	48,074	106,237	70,974	225,285
At March 31, 2017	39,373	63,742	62,570	165,684

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13 TRADE AND OTHER PAYABLES

	2017	2016
	US$	US$
Trade payables due to outside parties	164,128,752	40,242,697
Trade payables due to immediate holding company (Note 5)	89,890,551	118,205,578
Trade payables due to related company (Note 5)	30,930	28,750
Other payables	131,188	788,375
Deposit from sublease - related company (Note 5)	-	11,590
Accruals	3,745,544	1,669,524
	257,926,965	160,946,514

The average credit period on purchases of fuel oil is 30 days (2016:30 days). No interest is charged on the payment made within due date. Once payment is overdue, interest is payable on LIBOR linked rates.

14 SHORT TERM BORROWINGS

	2017	2016
	$	$
Short term borrowings	10,000,000	-

The short term borrowing is being provided by a financial institution for a maximum tenure of 12 months at an interest rate of 0.80 percent plus one month LIBOR.

15 SHARE CAPITAL

	2017	2016	2017	2016
	Number of ordinary shares		US$	US$
Issued and fully paid up:				
At the beginning and the end of the year	1,500,000	1,500,000	1,175,180	1,175,180

16 REVENUE

	2017	2016
	US$	US$
Sale of goods	1,811,950,779	1,150,045,488
Service charges	2,284,033	2,284,332
	1,814,234,812	1,152,329,820

17 OTHER OPERATING EXPENSE

	2017	2016
	US$	US$
Rental	296,787	301,173
Legal and professional fees	168,696	283,049
Subscription fees	135,653	139,151
Net foreign exchange gains	(39,927)	(741,006)
Others	416,464	573,500
	977,673	555,867

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18 FINANCE COST

	2017	2016
	US$	US$
Interest expense	**2,192,073**	1,628,474
Finance/Bank charges	**458,955**	343,988
	2,651,029	**1,972,462**

19 (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year has been arrived at after charging the following:

	2017	2016
	US$	US$
Directors' remuneration	**432,159**	295,404
Staff costs (including directors' remuneration)	**3,421,336**	3,951,574
Cost of defined contribution plans included in staff cost	**70,696**	63,800
Cost of inventories recognised as expenses	**1,814,033,421**	1,139,946,887

20 INCOME TAX

	2017	2016
	US$	US$
Current tax (benefit)/expense	**(621,098)**	300,009

The income tax (benefit)/expense varied from the amount of tax (benefit)/expense determined by applying the Singapore tax rate of 17% (2016 : 17%) to (loss)/profit before tax as a result of the following differences:

	2017	2016
	US$	US$
(Loss)/Profit before tax	**(6,650,951)**	5,954,841
Income tax (benefit)/expense at statutory rate of 17%	**(1,130,662)**	1,012,323
Exempt income	**-**	(18,702)
Tax incentives	**-**	(580,079)
Overprovision of tax in prior years	**(621,098)**	-
Deferred tax benefits not recognised	**1,130,662**	-
Others	**-**	(113,533)
Total income tax (benefit)/expense	**(621,098)**	300,009

The Company has been awarded the Global Trader Programme Status ("GTP") in Singapore for a period of 5 years effective from November 1, 2014. Under the GTP Status, qualifying income is taxed at a concessionary tax rate of 5%.

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21 OPERATING LEASE COMMITMENTS

	2017	2016
	US$	US$
Minimum lease payments paid under operating leases recognised as expense in the year	**6,831,966**	6,273,461

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	US$	US$
Within one year	**12,938,691**	13,250,880
Within the next two to five years	**7,815,240**	20,745,976
Total	**20,753,931**	**33,996,856**

Operating lease payments represent rentals payable by the company for its office and employees' residential properties and storage facility. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.