RELIANCE EXPLORATION & PRODUCTION DMCC

Financial Statements
for the Year ended 31st December, 2018

Independent Auditor's Report

Report in connection with Agreed-upon Procedures in respect of Financial Statements for the year ended 31st December 2018 prepared in compliance with the Accounting Principles Generally Accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Ind AS financial statements"), of Reliance Exploration & Production DMCC (REP DMCC)

To,
Mr. D.D Sen.
Director
Reliance Exploration & Production DMCC
Dubai

Dear Sirs,

This is in reference to your engagement letter dated 4th March, 2019, appointing us to perform Agreed-upon Procedures in respect of the 'Financial Statements for the year ended 31st December 2018 prepared in compliance with the Accounting Principles Generally Accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ("the Ind AS financial statements"), of Reliance Exploration & Production DMCC (REP DMCC), an indirect subsidiary of Reliance Industries Limited (the "Company" / "entity"), prepared by the management of the Company solely to incorporate it into the consolidated financial statements of the Company.

Our engagement was undertaken in accordance with the Standard on Related Services (SRS 4400), "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India.

We have performed the following procedures and noticed that no findings including errors in excess of USD 1,206,000 resulted from our work:

a) Obtained the IFRS financial statements of REP DMCC for the year ended 31st December, 2018 as audited by Deloitte & Touche (M.E) ("D&T").

b) Reviewed the adjustments identified by the management of the Company, required to be made to the IFRS Financial Statements so as to ensure compliance with the Ind AS.

c) Reviewed the Ind AS financial statements of REP DMCC to ensure that these reflect the adjustments identified by the management of the Company.

d) Reviewed the Ind AS financial statements prepared by the management of the Company to ensure compliance with the presentation and disclosure requirements specified by Schedule III to the Companies Act, 2013 and the Ind AS as applicable to REP DMCC.

e) Verified the arithmetical accuracy of the Ind AS financial statements.

The procedures that we performed are solely to assist you in preparation of the consolidated financial statements of the Company. These procedures have been established based on discussions with you. The sufficiency of the work is solely the responsibility of the Management of the Company. Consequently, we make no representation regarding the sufficiency of the work for any purpose.

The procedures that we performed do not constitute an audit or a review made in accordance with the generally accepted auditing standards in India and, consequently, we do not express any assurance.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported by you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the amounts and items specified above and do not extend to any other items in the Ind AS financial statements, taken as a whole.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Abhijit A. Damle
(Partner)
(Membership No. 102912)

Mumbai, dated: 2nd April, 2019

Balance Sheet as at 31 December 2018

In USD

	Notes	As at 31 December 2018	As at 31 December 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**69,991**	83,163
Total Non Current assets		**69,991**	83,163
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	**136,011**	1,079,205
(ii) Other financial assets	5	**241,233,453**	241,233,453
(b) Other current assets	6	**533,763**	605,973
Total Current assets		**241,903,227**	242,918,631
Total Assets		**241,973,218**	243,001,794
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	7	**47,985,402**	47,985,402
(b) Preference Share capital	7 A	**404,903,057**	404,903,057
(b) Other Equity	8	**(213,898,165)**	(211,784,065)
Total Equity		**238,990,294**	241,104,394
Liabilities			
Non-Current Liabilities			
(a) Provisions	9	**39,259**	58,970
Total Non Current liabilities		**39,259**	58,970
Current Liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	10	**2,943,665**	1,838,430
Total Current liabilities		**2,943,665**	1,838,430
Total Equity and Liabilities		**241,973,218**	243,001,794
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For Reliance Exploration & Production DMCC

Director

Date: 02 April, 2019
Place: Dubai

Statement of Profit and Loss for the year ended 31 December 2018

			In USD
	Notes	**2018**	2017
INCOME			
Other income	11	**-**	165,762,280
Total Income		**-**	165,762,280
EXPENSES			
Employee benefits expense	12	**390,729**	261,251
Finance costs	13	**2,114**	15,118
Depreciation expense	3	**13,172**	17,678
Other expenses	14	**2,438,085**	2,046,671
Total Expenses		**2,844,100**	2,340,718
(Loss)/Profit for the year		**(2,844,100)**	163,421,562
Other comprehensive income (OCI)		**-**	-
Total comprehensive (loss) / Income for the year		**(2,844,100)**	163,421,562
Earnings per share of face value of AED 1,000 each.			
(i) Basic (in USD)	15	**(16.14)**	**927.48**
(ii) Diluted (in USD)	15	**(1.71)**	**98.55**
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For Reliance Exploration & Production DMCC

Director

Date: 02 April, 2019
Place: Dubai

Statement of changes in equity for the year ended 31 December 2018

A. EQUITY SHARE CAPITAL

In USD

	Balance at 1 January 2017	Changes during the year 2017	Balance at 31 December 2017	Changes during the year 2018	Balance at 31 December 2018
Share capital	47,985,402	-	47,985,402	-	47,985,402
Preference share capital	403,053,057	1,850,000	404,903,057	-	404,903,057

B. OTHER EQUITY

In USD

	Share application money	Retained Earnings	Total
Year ended 31 December 2017			
Balance as at 1 January, 2017	1,022,570	(375,205,627)	(374,183,057)
Application money received during 2017 (Refer Note 8.2)	2,125,000	-	2,125,000
Application money repaid during 2017 (Refer Note 8.2)	(1,297,570)	-	(1,297,570)
Issued and Allotted during 2017	(1,850,000)	-	(1,850,000)
Profit for the year	-	163,421,562	163,421,562
Balance as at 31 December, 2017	**-**	**(211,784,065)**	**(211,784,065)**
Year ended 31 December 2018			
Balance as at 1 January, 2018	-	(211,784,065)	(211,784,065)
Application money received during 2018 (Refer Note 8.2)	730,000	-	730,000
(Loss) for the year	-	(2,844,100)	(2,844,100)
Balance as at 31 December, 2018	**730,000**	**(214,628,165)**	**(213,898,165)**

Cash Flow Statement for the year ended 31 December 2018

In USD

		Notes	**2018**	2017
A:	**Cash flow from operating activities:**			
	Net (Loss)/Profit as per Statement of Profit and Loss		**(2,844,100)**	163,421,562
	Adjusted for:			
	Excess provision written back	11	**-**	(2,198,715)
	Gain on disposal of investment in a subsidiary	11	**-**	(163,532,155)
	Depreciation Expense	3	**13,172**	17,678
	Finance cost	13	**2,114**	15,118
	Operating loss before working capital changes		**(2,828,814)**	(2,276,512)
	Adjusted for:			
	Decrease/(Increase) in other current assets	6	**72,210**	(6,994)
	(Decrease)/Increase in provisions	9	**(19,711)**	8,927
	Increase in other payables	10	**1,105,235**	838,980
	Cash used in operating activities		**(1,671,080)**	(1,435,599)
B:	**Cash flow from investing activities:**			
	Purchase of property, plant and equipment	3	-	(149,384)
	Loan to a related party	5	**-**	(241,233,453)
	Proceeds from sale of investment in a subsidiary		**-**	243,028,327
	Net cash generated from investing activities		**-**	1,645,490
C:	**Cash flow from financing activities:**			
	Share application money received	8	**730,000**	2,125,000
	Share application money repaid	8	**-**	(1,297,570)
	Finance cost		**(2,114)**	(15,118)
	Net cash generated from financing activities		**727,886**	812,312
	Net (decrease)/increase in cash and cash equivalents		**(943,194)**	1,022,203
	Cash and cash equivalents at the beginning of the year	4	**1,079,205**	57,002
	Cash and cash equivalents at the end of the year	4	**136,011**	1,079,205
	Non cash item:			
	Conversion of share application money received into 5% Non -cumulative compulsorily covertible preference shares during the year of USD Nil (previous year USD 1,850,000)			
	Corporate information and significant accounting policies and notes to the financial statements	1 to 24		

For Reliance Exploration & Production DMCC

Director

Date: 02 April, 2019
Place: Dubai

Corporate information and significant accounting policies for the year ended 31 December 2018

Corporate information and significant accounting policies for the year ended 31 December 2018

1 GENERAL INFORMATION

A. Reliance Exploration & Production DMCC ("the Company") is a limited liability company registered in Dubai Multi Commodities Centre ("DMCC") under the DMCC company regulations No. 1/03. The Company was incorporated on 6 December 2006. The Company is engaged in the business of well drilling, oil and natural gas development abroad, onshore and offshore oil and gas field services and repairing oil and natural gas well equipment abroad. However, the Company does not currently have any working interest in any exploration blocks.

The Company is a wholly owned subsidiary of Reliance Industrial Investments and Holdings Limited ("RIIHL"), an entity incorporated in India. RIIHL is a wholly owned subsidiary of Reliance Industries Limited ("RIL").

The registered office of the Company is located at Unit No. 1801-A, Plot No. JLT-PH2-YIA, Jumeirah Lakes Towers, Dubai, United Arab Emirates ("UAE").

B. Business activities

The Company's previous assets primarily included working interests in oil and gas blocks situated in the Republic of Yemen and Peru.

Country	*Block Name*	*Working interest*		*Remarks*	*Area in (Sq. Km.)*
		2018	**2017**		
Republic of Yemen*	Block 34	-	-	Operator	7,016
	Block 37	-	-	Operator	6,894
Peru **	Block 39	-	-	Non-Operator	865

*Production Sharing Agreements (PSAs) for Yemen Blocks 34 and 37 were terminated on 5 October 2015.

**The Company has withdrawn from License Contract and Joint Operating agreement for Exploration and Exploitation of Hydrocarbons in Peru through letter dated 22 November 2016. On 28 August 2018, the Company has entered into a contract of assignment and indemnity with the non-withdrawing partners of the Block 39 to assign all the associated rights and obligations without any consideration. On 19 September 2018, the Peru Petro authorised the withdrawal of the Company's interest in Block 39, for which the Supreme Decree is still pending.

2.1 STATEMENT OF COMPLIANCE

These financial statements of the company have been prepared in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

The Company prepares financial statements as per International Financial Reporting Standards (IFRS) as notified by International Accounting Standard Board and the same has been re-prepared under Ind AS for limited purpose of its consolidation into Reliance Industries Limited (the ultimate holding company).

Changes in accounting policies:

The Compnay has adopted Ind AS 115, Revenue from Contracts with Customers with effect from 1st January 2018. Accordingly, the Company has changed its accounting policy on revenue recognition as detailed in note 2.3.I

The Company has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 1st January 2018 on the contract that are not completed contract as at that date.

There is no impact of above on the opening balance sheet as at 1st January 2018.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting polices below. The accounting policies have been applied consistently over all period presented in these financial statements.

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.

Corporate information and significant accounting policies for the year ended 31 December 2018

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 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:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) 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

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Property Plant and Equipment:

The Company is carrying values of property plant and equipment as deemed cost as at January 1, 2015 (date of transition to lnd AS). They are subsequently carried at cost less accumulated depreciation. Depreciation is provided on written down value method (WDV) based on management estimated useful lives of the assets as under. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Particulars	Useful life
Computers	40%
Furniture & fixtures	18%
Office equipments	14%
Vehicles	26%

B. Intangible Assets under Development and Intangible Assets - Development Rights (Oil and Gas):

The Company has adopted Successful Efforts Method (SEM) of accounting for its' Oil and Gas activities. Costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation are accounted for as intangible assets under development. Upon a well is ready to commence commercial production, the costs accumulated in intangible assets under development are capitalised to intangible assets rateably based on the drilling progress made under the overall capital expenditure program. The drilling progress determines the technical feasibility and commercial viability of the assets. Development costs incurred thereafter are capitalised to the said intangible asset. All costs relating to production and the exploration and evaluation expenditure which does not result in discovery of proved developed oil and gas reserve are charged as expenses in Statement of Profit and Loss.

No depletion is charged during exploration and evaluation phase.

C. Leases:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

D. Borrowing costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

E. Inventories:

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average method and comprises direct purchase costs. Full provision is made for obsolete supplies. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

F. Impairment of Non-Financial assets:

Impairment indicators

The recoverable amounts of cash-generating units or individual assets as applicable are determined based on higher of

Corporate information and significant accounting policies for the year ended 31 December 2018

value-in-use calculations or fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that oil and gas price assumption may change, which may then impact the estimated life of the field and require a material adjustment to the carrying value of intangible assets under development and development rights (oil and gas).

(i) Oil Gas assets

Intangible assets under development and intangible assets-development rights (oil and gas) are treated as impaired when the carrying cost of asset exceeds its recoverable value. 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 discount rate that reflects current market assessment 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. For the purpose of assessing impairment, oil and gas property subject to testing, are grouped within the joint venture for determining the cash generating unit. For the purpose of calculating the value in use, future cash flows emanating from proved, unproved and contingent resources are discounted at a rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(ii) Others

At each balance sheet date, the Company assesses whether there is any indication that any property, plant, equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, 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. The Company monitors other internal and external indicators of impairment relating to its tangible and intangible assets.

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 assessment 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

G. <u>Provisions, Contingent Liabilities and Contingent Assets:</u>

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 Balance Sheet date, 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. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefits is probable.

H. <u>Employee Benefits:</u>

Provision is made for estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Laws, for their period of service up to the end of the reporting period. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Notes to Financial Statements for the year ended 31 December 2018

I. Revenue recongition:

Revenue is recognized based on the delivery of performance obligation and assessment of when control of promised goods / services is transferred to a customer, at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods / services. Revenue is measured at the amount of the transaction price allocated to that performance obligation. Revenue from the production of oil and gas in which the Company has an interest with other producers is recognised based on the Company's working interest (the entitlement method).

Sale of products

Revenue from sale of products is recognised when the control on the goods has been transferred to a customer. The performance obligation in case of sale of products is satisfied at a point in time as per the terms of agreement with the individual customer.

lnterest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. lnterest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

J. Foreign currencies:

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 are recognised in statement of profit and loss which they arise.

K. Investment in subsidiaries:

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investment in subsidiaries is carried in the Company's financial statements initially at cost and subsequently measured at the end of each reporting period at cost less any accumulated impairment loss.

Investment in subsidiaries are derecognised upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiaries and is recognised in statement of profit and loss.

L. Interest in joint operations:

Oil and Gas Joint Ventures are in the nature of joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a company undertake its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

1. lts assets, including its share of any assets held jointly;
2. lts liabilities, including its share of any liabilities incurred jointly;
3. lts revenue from the sale of its share of the output arising from the joint operations;
4. lts share of revenue from the sale of the output by the joint operation; and
5. lts expenses, including its share of any expenses incurred jointly.

Notes to Financial Statements for the year ended 31 December 2018

M. Reimbursements of costs of the operator of the joint arrangement:

When the Company, acting as an operator or manager of a joint arrangement, receives reimbursements of direct costs recharged to the joint arrangement, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint arrangement and therefore have no effect on statement of profit and loss.

N. Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

O. Financial Instruments:

I. Non-derivative financial instruments

i. Financial assets

a. Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through statement of profit and loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Equity instruments

Equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in ‘Other Comprehensive Income’.

d. Impairment of financial assets

Company assesses impairment based on expected credit loss (ECL) model to the following:

(a) Financial assets at amortised cost

(b) Financial assets measured at fair value through Other Comprehensive Income

Notes to Financial Statements for the year ended 31 December 2018

Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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 considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of profit and loss. 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 was recognised, the previously recognised impairment loss is reversed through statement of profit and loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

ii. Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in statement of profit and loss as finance cost.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. De-recognition of financial instruments

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 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.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

2.4 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTINITY:

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability 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.

Notes to Financial Statements for the year ended 31 December 2018

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 judgments in applying accounting policies

Below are the critical judgment, apart from those including estimations, that the management has made in the process of applying the Company's accounting policies and has the most significant effect on the amounts recognised in the financial statements.

a. Classification of preference shares

In the process of classifying preference shares, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its components, on initial recognition is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in Ind AS 32 Financial Instruments: Presentation, in particular, whether the instrument includes a contractual obligation to a fixed number of ordinary shares for each preference share at the point of conversion. Management and the directors of the Company have concluded that the classification of the preference shares as an equity instrument in the financial statements is appropriate and in accordance to Ind AS 32 Financial Instruments: Presentation.

b. Contingencies

By nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment regarding the outcome of future events.

c. Significant increase in credit risk

As explained in note O, ECL are measured as an allowance equal to lifetime ECL for assets. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

ii) Key sources of estimation uncertainty

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

a. Allowance for impairment losses on receivables

An estimate of the collectible amount of receivable is made when collection of the full amount is no longer probable. The allowance for impairment losses for all counterparties is based on variety of factors, including the overall quality and ageing of the receivables and continuing credit evaluation of the counterparties' financial conditions. Allowance for impairment losses on other receivable and deposits as at 31 December 2018 is consistent from the prior years as management estimated that no additional impairment is required on its' trade and other receivable in excess of amount already provided. Additionally, management believes that the loan to a related party is fully recoverable.

b. Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Notes to Financial Statements for the year ended 31 December 2018

2.5 NEW AND REVISED Ind AS IN ISSUE BUT NOT EFFECTIVE YET

The Ministry of Corporate Affairs (MCA) has notified Ind AS 116 to be effective from accounting periods starting from 1st April, 2019. Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17 – Leases. The application of this standard could have material impact on the Balance Sheet of the Company though it is not expected to have significant impact on the profit/loss. The management is in the process of making detailed computations to quantify the said impact.

3. PROPERTY, PLANT AND EQUIPMENT *In USD*

Description	Gross Block				Depreciation				Net Block
	As at 01-01-2018	Additions	Deductions	**As at 31-12-2018**	As at 01-01-2018	For the year	Deductions	**Upto 31-12-2018**	**As at 31-12-2018**
TANGIBLE ASSETS									
Computers	35,897	-	-	**35,897**	30,319	2,289	-	**32,608**	**3,289**
Furniture & Fixtures	58,251	-	-	**58,251**	13,990	3,955	-	**17,945**	**40,306**
Office equipments	17,721	-	-	**17,721**	5,667	1,420	-	**7,087**	**10,634**
Vehicles	52,856	-	-	**52,856**	31,586	5,508	-	**37,094**	**15,762**
Total	164,725	-	-	**164,725**	81,562	13,172	-	**94,734**	**69,991**

In USD

Description	Gross Block				Depreciation				Net Block
	As at 01-01-2017	Additions	Deductions	**As at 31-12-2017**	As at 01-01-2017	For the Year	Deductions	**Upto 31-12-2017**	**As at 31-12-2017**
TANGIBLE ASSETS									
Computers	35,897	-	-	**35,897**	26,029	4,290	-	**30,319**	**5,578**
Furniture & Fixtures	58,251	-	-	**58,251**	9,665	4,325	-	**13,990**	**44,261**
Office equipments	17,721	-	-	**17,721**	4,039	1,628	-	**5,667**	**12,054**
Vehicles	52,856	-	-	**52,856**	24,151	7,435	-	**31,586**	**21,270**
Total	164,725	-	-	**164,725**	63,884	17,678	-	**81,562**	**83,163**

4 CASH AND CASH EQUIVALENTS *In USD*

	As at 31 December 2018	As at 31 December 2017
Cash on hand	**157**	462
Balance with banks	**135,854**	1,078,743
TOTAL	**136,011**	1,079,205

5 OTHER FINANCIAL ASSETS (CURRENT) *In USD*

	As at 31 December 2018	As at 31 December 2017
Unsecured and Considered Good		
Advance to related parties (Refer Note 5A, 20)	**241,233,453**	241,233,453
Unsecured and considered doubtful		
Advance to related parties (Refer Note 5B, 20)	**-**	181,016
Less: Provision for impairment		(181,016)
Receivable from JV partner	**1,510,575**	1,510,575
Less: Provision for impairment	**(1,510,575)**	(1,510,575)
TOTAL	**241,233,453**	241,233,453

Notes to Financial Statements for the year ended 31 December 2018

5A During the year 2017, Company disbursed a loan to Reliance Industries Middle East DMCC, amounting to 241,233,453. The loan is interest free and recoverable on demand.

5B During the year 2017, Board of Directors of the Central Park Enterprise DMCC (CPE DMCC) agreed and resolved, at the meeting held on 13 February 2017 to dissolve CPE DMCC, effective from that date due to closure of its operations. Accordingly, the investment and amount receivable had been fully impaired. The operation of the investment was de-registered with effect from 18th June 2017.

6 OTHER CURRENT ASSETS ***In USD***

(Unsecured and considered good)

	As at 31 December 2018	As at 31 December 2017
Deferred input VAT (Refer Note 6A)	512,603	581,849
Deposits	11,406	11,798
Prepaid Expenses	9,754	12,326
TOTAL	**533,763**	**605,973**

6A Included in the Company's account receivables is a balance with a carrying amount of AED 512,603 (2017: AED 581,849) which are past due at the reporting date for which the Company has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable.

7 EQUITY SHARE CAPITAL ***In USD***

	As at 31 December 2018	As at 31 December 2017
Authorised:		
176,200 Equity Shares of AED 1,000 each	**47,985,402**	47,985,402
TOTAL	**47,985,402**	47,985,402
Issued, Subscribed and Paid up:		
176,200 Equity Shares of AED 1,000 each fully paid up (Refer Note 7.1)	**47,985,402**	47,985,402
TOTAL	**47,985,402**	47,985,402

7.1 1,50,000 (Previous year 1,50,000) equity shares issued for consideration other than cash.

7.2 **Details of shareholders holding more than 5% shares :**

Name of the Shareholder	**Equity Shareholder**			
	As at 31 December 2018		As at 31 December 2017	
	No. of Shares	% held	No. of Shares	% held
Reliance Industrial Investments and Holdings Limited	**176,200**	100%	176,200	100%

7 A PREFERENCE SHARE CAPITAL ***In USD***

	As at 31 December 2018	As at 31 December 2017
Authorised:		
2,756,250 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each	**750,000,000**	750,000,000
TOTAL	**750,000,000**	750,000,000
Issued, Subscribed and Paid up:		
5% Non-cumulative compulsorily convertible preference shares of AED 1000 fully paid up (Refer Note 7.A.1,7.A.2, 7.A.3,7.A.4 & 8.2)	**404,903,057**	404,903,057
TOTAL	**404,903,057**	404,903,057

Notes to Financial Statements for the year ended 31 December 2018

	As at 31 December 2018	As at 31 December 2017

7 A.1 Issued and fully paid 5% Non-cumulative compulsorily convertible preference shares represent 1,488,017 (2017: 1,488,017) 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each issued by way of conversion of loan and share application money.

7 A.2 The 5% Non-cumulative compulsorily convertible preference shares will have to be converted into equity shares at any time during the first 5 years in the ratio of 1:1 and at any time after 5 years till 10 years in the same ratio of 1:1.

7 A.3 Based on the terms of issue of preference shares, the Company will issue fixed number of equity shares for each preference share. Accordingly, these preference shares have been classified as part of equity in the financial statements.

7 A.4 **Details of shareholders holding more than 5% shares :**

Preference Shareholder

Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
Reliance Industrial Investments and Holdings Limited	**1,488,017**	100%	1,488,017	100%

8 OTHER EQUITY

In USD

	As at 31 December 2018	As at 31 December 2017
Share Application money pending allotment:		
Opening balance	**-**	1,022,570.00
Share Application money received during the period (Ref Note 8.1 & 8.2)	**730,000**	2,125,000
Share Application money repaid during the period (Ref Note 8.1 & 8.2)	**-**	(1,297,570)
Preference share allotment (Ref Note 8.3)	**-**	(1,850,000.00)
Closing balance	**730,000**	**-**
Retained Earnings :		
Opening balance	**(211,784,065)**	(375,205,627)
Add : Total comprehensive loss / Income for the year	**(2,844,100)**	163,421,562
Closing balance	**(214,628,165)**	**(211,784,065)**
TOTAL	**(213,898,165)**	**(211,784,065)**

8.1 Share application money pending for allotment represents application money received from parent company 'Reliance Industrial Investments and Holdings Limited' (RIIHL) on account of 5% Non-cumulative compulsorily convertible preference shares.

8.2 During the year, the Company received an amount of USD 730,000 (2017: USD 2,125,000) from RIIHL as share application money and the company returned amount of USD Nil (2017: USD 1,297,570). In the year 2017, the Company issued and allotted aggregated 6,798 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each aggregating to AED 6,798,000 equivalent to USD 1,850,000 against the share application money. No preference shares were issued and allotted in 2018.

9 PROVISIONS (NON CURRENT)

In USD

	As at 31 December 2018	As at 31 December 2017
Movement in the provision as follows:		
Opening balance	**58,970**	50,043
Charges during the year	**8,660**	8,927
Paid during the year	**(28,371)**	-
Closing balance	**39,259**	**58,970**

Above provision is for gratuity payment for employees of the Company

Notes to Financial Statements for the year ended 31 December 2018

10 OTHER FINANCIAL LIABILITIES (CURRENT)

		In USD
	As at 31 December 2018	As at 31 December 2017
Advance from related party (Refer Note 20)	**233,088**	591,635
Other Payables*	**2,710,577**	1,246,795
	2,943,665	**1,838,430**

* Includes creditors & liabilities for relinquished/divested blocks.

11 OTHER INCOME

		In USD
	2018	2017
Gain on disposal of investment in a subsidiary	-	163,532,155
Excess provision written back	-	2,198,715
Others	-	31,410
TOTAL	-	**165,762,280**

12 EMPLOYEE BENEFITS EXPENSE

		In USD
	2018	2017
Salaries and wages	**369,079**	236,575
Provision for employee benefits	**8,660**	8,927
Staff welfare expenses	**12,990**	15,749
TOTAL	**390,729**	**261,251**

13 FINANCE COSTS

		In USD
	2018	2017
Interest on share application money from related party (Refer Note 20)	-	12,333
Bank charges	**2,114**	2,785
TOTAL	**2,114**	**15,118**

14 OTHER EXPENSES

		In USD
	2018	2017
Professional fees	**1,040,286**	1,798,309
General expenses	**565,249**	45,296
Rent (Refer note 19)	**19,058**	29,497
Travelling expenses	**62,440**	94,972
Audit fees	**21,052**	77,900
Legal & other expenses- Yemen block 34 and 37	-	697
Peru block abandonment	**730,000**	-
TOTAL	**2,438,085**	**2,046,671**

15 EARNINGS PER SHARE (EPS)

Basic earning per share is computed by dividing the net (loss)/profit attributable to shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net (loss)/ profit and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Notes to Financial Statements for the year ended 31 December 2018

		2018	2017
i)	Net (Loss)/Profit as per Statement of Profit and Loss attributable to the owners of the Company (USD)	(2,844,100)	163,421,562
ii)	Weighted average number of shares used as denominator for calculating Basic EPS	176,200	176,200
iii)	Basic earnings per share (USD)	(16.14)	927.48
iv)	Weighted average number of shares used as denominator for calculating diluted EPS	1,664,217	1,658,294
v)	Diluted earnings per share (USD)	(1.71)	98.55

16. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company is exposed to the following risks related to financial instruments - credit risk, liquidity risk, interest risk and foreign currency risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative or risk management purposes.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivable and prepayments (excluding advances, advance tax, deferred input VAT and prepayments) and bank balances.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually. The Company uses its own trading records to rate its major customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of each reporting period was:

		In USD
	2018	2017
Loan to a a related party	**241,233,453**	241,233,453
Accounts receivable and prepayments (excluding advances, advance tax, deferred input VAT and prepayments)	**11,406**	11,798
Bank balances	**135,854**	1,078,743
	241,380,713	**242,323,994**

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(b) Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and support from shareholder, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual maturities of the financial instruments, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

Notes to Financial Statements for the year ended 31 December 2018

In USD

	Current Less than 1 year	Non-current Greater than 1 year
31 December 2018		
Due to a related party	233,088	-
Other payables	2,710,577	-
	2,943,665	**-**
31 December 2017		
Due to a related party	591,635	-
Other payables	1,246,795	-
	1,838,430	-

(c) Interest rate risk:

Interest rate risk is the risk that arises from timing difference in the maturity of Company's interest bearing assets and liabilities. The Company does not have any significant exposure to interest rate risk.

(d) Currency risk:

A majority of the Company's transactions are in USD or currencies that are pegged to the USD (AED) and therefore the Company is not exposed to significant foreign currency risks.

(e) Capital management:

The Company's policy is to maintain a strong capital base with the financial assistance of RIIHL in order to support the operations and to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital to ensure to be able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Company's overall strategy remains unchanged from 2017.

The Company's capital structure comprises cash and bank balances and equity, comprising issued capital, preference share capital, share application money and accumulated losses as disclosed in the statement of changes in equity.

(f) Fair value measurements:

Management considers that the fair values of financial assets and financial liabilities approximate their carrying amounts as stated in the financial statements.

17. CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31 December 2018	As at 31 December 2017
Financial Assets			
Measured at amortised cost (AC)			
(i) Cash and cash equivalents	4	136,011	1,079,205
(ii) Loans to a related party	5	241,233,453	241,233,453
Financial liabilities			
Measured at amortised cost (AC)			
(i) Advance from related party	10	233,088	591,635
(ii) Other payables	10	2,710,577	1,246,795

18. GOING CONCERN CONSIDERATIONS:

The Company had accumulated losses amounting to USD 214,628,165 (2017: USD 211,784,065). Furthermore, the Company no longer has any working interest in any exploration block as stated in Note 1. Notwithstanding all of the above, the financial statements have been prepared on a going concern basis as the shareholder has expressed its continuing support and does not intend to liquidate the Company. In the absence of such support, this basis would be invalid and adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Notes to Financial Statements for the year ended 31 December 2018

19. LEASES

The company has taken premise on non-cancellable operating lease basis with varying tenor upto 1 March 2019. The future minimum rentals are as follows:

	As at 31 December 2018	As at 31 December 2017
Operating lease commitments		
Due within one year	3,179	19,058
Later than one year and not later than five years	-	1,700
	3,179	**20,758**

Lease payments recognised in the statement of profit and loss in connection with the above for the year are USD 19,058 (previous year USD 29,497).

20 RELATED-PARTY DISCLOSURES

As per Ind As 24, the disclosures of transaction with the related parties are given below:

(i) List of related parties where control exists and related parties with whom transactions have taken place and relationship

Name of the related party	**Relationship**
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Industrial Investments and Holdings Limited	Parent Company (Control exists)
Central Park Enterprises DMCC (Till 18 June 2017)	Subsidiary (Control exists)
Reliance Industries (Middle East) DMCC	Fellow Subsidiary

(ii) Transaction during the year with related parties *In USD*

Name of the related party	**Nature of Transaction**	**2018**	2017
Reliance Industrial Investments and Holdings Limited	Share Application money received	**730,000**	2,125,000
Reliance Industrial Investments and Holdings Limited	Share Application money repaid	**-**	1,297,570
Reliance Industrial Investments and Holdings Limited	Interest on share application money	**-**	12,333
Reliance Industries (Middle East) DMCC	Advance taken	**499,984**	318,544
Reliance Industries (Middle East) DMCC	Expenses paid on behalf of company	**17,469**	-
Reliance Industries (Middle East) DMCC	Advance repaid	**876,000**	-
Reliance Industries (Middle East) DMCC	Loan given	**-**	241,233,453
Name of the related party	**Balances as at year end**	**As at 31 December 2018**	As at 31 December 2017
Reliance Industrial Investments and Holdings Limited	Share application money pending for allotment	**730,000**	-
Central Park Enterprises DMCC *	Advances given	**-**	181,016
Reliance Industries (Middle East) DMCC	Loan given	**241,233,453**	241,233,453
	Advance taken	**233,088**	591,635

* Advance of USD 181,016 is fully provided for impairment in FY 2017

Notes to Financial Statements for the year ended 31 December 2018

(iii) Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the reporting period are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. No additional impairment has been recorded for the year (2017: NIL). This assessment is undertaken at the end of each annual reporting period through examining the financial position of the related party and the market in which the related party operates.

(iv) Related parties comprise the shareholder, directors, key management personnel of the Company and entities in which they have the ability to control or exercise significant influence. Balances with related parties generally arise from commercial transactions in the normal course of business at agreed terms.

21. CONTINGENT LIABILITIES AND COMMITMENTS

		In USD	
		As at 31 December 2018	As at 31 December 2017
(I)	**Contingent liabilities**		
A.	Guarantee issued on behalf of the company	**50,000**	50,000

(II) The Company along with its Partner (Hood Energy Limited) (hereinafter together referred to as "Joint Operation") are parties to a working interest in oil and gas blocks situated in the Republic of Yemen, as disclosed in note 1. A commitment arose as a result of a possible obligation relating to the Work Programs governed under the PSAs which were executed between the Joint Operation and the Republic of Yemen for Blocks 34 and 37 amounting to USD 25 million (the Company's interest is USD 17.5 million). This commitment was secured by standby letters of credits amounting to USD 25 million (the Company's interest is USD 17.5 million) issued by the Joint Operation to the Republic of Yemen, represented by the Yemeni Ministry of Oil and Minerals (MOM).

Considering the civil war and deplorable security situation in Yemen, the Joint Operation declared force majeure and thereafter terminated the PSAs for the Yemen Blocks 34 and 37. As the force majeure declaration was rejected by the Republic of Yemen, the Joint Operation obtained injunction from Honourable Bombay High Court for restraining bankers from honouring any demand of the Republic of Yemen under the standby letters of credits. An appeal was filed by United Bank Limited (UBL) before the Bombay High Court for vacating the injunction. A Consent Order was passed by the Court thereof stating that the banks shall not make any payment till the International Chamber of Commerce (ICC) Arbitration being pursued by parties remained pending unless any challenges to an adverse Arbitral Award have been set aside.

The Joint Operation as Claimants pursued an arbitration against the Republic of Yemen before the ICC Paris in accordance with the dispute resolution clause of the PSAs for declaring validity of the force majeure notice and subsequent termination (resulting in the termination of standby letters of credits). The ICC Tribunal has ruled in favour of the Claimants stating that Force Majeure event existed and the PSAs were validly terminated by the Claimants and that Letter of Credit for non-fulfilment of Minimum Work Obligation cannot be drawn by the Republic of Yemen. It has also awarded the Claimants legal costs and Republic of Yemen accrued bonus and fixed taxes. Both the parties have filed clarification applications regarding payment of interest on the amount awarded and unpaid bonus. Subsequently in 2018, Republic of Yemen had withdrawn its appeal which was confirmed by ICC Paris on 29 March 2018. The Company is in discussions with the Banks for formally closing out the standby letters of credit.

22. UNHEDGED FOREIGN CURRENCY EXPOSURE

Foreign Currency Exposure that are not hedged by derivative instruments as on 31 December 2018 amount to USD 3,008 (previous year USD 18,571)

23. SEGMENT REPORTING

The Company is in the business of exploration, evaluation, development and production of oil and gas resources. However, currently the Company does not hold interest in any Oil & Gas blocks. Consequently there is a single business segment.

24. These Financial Statements are approved for issue by the management of the company.