Reliance Global Energy Services (Singapore) Pte Ltd

Financial Statements
2019-20

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER 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, 2020, 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, as set out on pages 6 to 38.

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, 2020 and of the financial performance, changes in equity and cash flows of the company for the year 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
Singapore

STATEMENT OF FINANCIAL POSITION
March 31, 2020

	Note	2020	2019
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents	6	436,434,084	29,287,106
Trade receivables	7	109,240,404	613,875,047
Derivative financial instruments	8	130,921,830	10,170,016
Other receivables and prepayments	9	6,374,401	23,798,240
Inventories	10	50,137,307	54,259,047
Total current assets		733,108,026	731,389,456
Non-current assets			
Other receivables and prepayments	9	113,889	110,282
Plant and equipment	11	96,331	148,923
Right-of-use assets	12	16,160,123	-
Total non-current assets		16,370,343	259,205
Total assets		749,478,369	731,648,661
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	555,165,539	628,174,435
Lease liabilities	14	10,010,705	-
Short term borrowings	15	45,000,000	43,500,000
Derivative financial instruments	8	82,903,278	23,817,702
Income tax payable		785,218	1,453,382
Total current liabilities		693,864,740	696,945,519
Non-current liabilities			
Lease liabilities	14	5,971,233	-
Total non-current liabilities		5,971,233	-
Capital and reserves			
Share capital	16	1,175,180	1,175,180
Exchange reserves		1,923	1,923
Accumulated profits		48,465,293	33,526,039
Total equity		49,642,396	34,703,142
Total liabilities and equity		749,478,369	731,648,661

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2020

	Note	2020	2019
		US$	US$
Revenue	17	11,533,132,179	7,982,160,935
Cost of sales		(11,497,012,752)	(7,944,409,823)
Gross profit		36,119,427	37,751,112
Other operating income		1,975,271	1,124,234
Staff costs		(3,045,892)	(3,381,476)
Other operating expenses, net	18	(13,084,888)	(3,902,331)
Finance costs	19	(6,259,873)	(2,658,483)
Profit before income tax		15,704,045	28,933,056
Income tax	21	(764,791)	(1,555,906)
Profit for the year, representing total comprehensive income for the year		14,939,254	27,377,150

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2020

	Share capital	Exchange reserves	Accumulated profits	Total
	US$	US$	US$	US$
Balance at April 1, 2018	1,175,180	1,923	6,148,889	7,325,992
Net profit for the year, representing total comprehensive income for the year	-	-	27,377,150	27,377,150
Balance at March 31, 2019	1,175,180	1,923	33,526,039	34,703,142
Net profit for the year, representing total comprehensive income for the year	-	-	14,939,254	14,939,255
Balance at March 31, 2020	1,175,180	1,923	48,465,293	49,642,396

STATEMENT OF CASH FLOWS
Year ended March 31, 2020

	2020	2019
	US$	US$
Cash flows from operating activities		
Profit before income tax	15,704,045	28,933,056
Adjustments for:		
Interest expense (Note 19)	5,799,673	2,340,654
Interest Income	(1,973,885)	
Depreciation expense (Note 11)	52,592	28,213
Amortisation of Right-Of-Use assets	9,032,649	-
Net fair value (gain)/loss on derivatives	(61,666,238)	9,623,806
Operating cash flows before working capital changes	(33,051,164)	40,925,729
Trade receivables	504,634,643	(233,075,047)
Other receivables and prepayments	17,420,233	(6,714,132)
Inventories	4,121,740	27,990,217
Trade and other payables	(73,008,897)	155,751,639
Cash generated from/(used in) operations	420,116,555	(15,121,594)
Interest paid	(5,799,672)	(2,340,654)
Interest Income	1,973,885	-
Income tax paid	(1,432,955)	(102,524)
Net cash used in operating activities	414,857,812	(17,564,772)
Cash flows from investing activities		
Purchase of fixed assets, representing		
net cash used in investing activity	-	(54,887)
Net cash used in investing activities	-	(54,887)
Cash flows from financing activities		
Repayment of lease liabilities	(9,210,834)	
Proceeds from short term borrowings	1,500,000	45,500,000
Payment of short term borrowings	-	(2,000,000)
Net cash from financing activities	(7,710,834)	43,500,000
Net increase in cash and cash equivalents	407,146,978	25,880,341
Cash and cash equivalents at beginning of year (Note 6)	29,287,106	3,406,765
Cash and cash equivalents at end of year (Note 6)	436,434,084	29,287,106

Notes to the Financial Statements for the year ended March 31, 2020

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 States dollars.

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, 2020 were authorised for issue by the Board of Directors on June 30, 2020.

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 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment 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, 2019, 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 and INT 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 except for the following:

FRS 116 Leases

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the company’s financial statements is described below.

The date of initial application of FRS 116 for the company is April 1, 2019.

The company has applied FRS 116 using the cumulative catch-up approach which:

- requires the company to recognise the cumulative effect of initially applying FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under FRS 17 and INT FRS 104.

Notes to the Financial Statements for the year ended March 31, 2020

(a) Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 and INT FRS 104 will continue to be applied to those leases entered or changed before April 1, 2019.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The company applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after April 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the company.

(b) Impact on lessee accounting

Former operating leases

FRS 116 changes how the company accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

Applying FRS 116, for all leases, the company:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with FRS 116.C8 (b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Under FRS 116, right-of-use assets are tested for impairment in accordance with FRS 36 *Impairment of Assets*.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying FRS 17.

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under FRS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on April 1, 2019 is 1.9975%.

The following table shows the operating lease commitments disclosed applying FRS 17 at March 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application April 1, 2019

Notes to the Financial Statements for the year ended March 31, 2020

	2019
	USD
Operating lease commitments at March 31, 2019	19,927,906
Less: Effect of discounting the above amounts	(467,893)
Lease liabilities recognised as at April 1, 2019	19,460,013

STANDARDS ISSUED BUT NOT YET EFFECTIVE - At the date of authorisation of these financial statements, the following new/revised FRSs that are relevant to the company were issued but not effective:

- Amendments to FRS 1 and FRS 8: *Definition of Material*[1]

[1] Applies to annual periods beginning on or after January 1, 2020, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

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:

Amendments to FRS 1 and FRS 8: *Definition of Material*

The pronouncement made clarification on the definition of 'material' in order to facilitate the exercise of judgement during the preparation financial statements, particularly when selecting the information to be presented in the Notes to the financial statements.

When preparing the financial statements, the company will assess the information whether the information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions made by the primary users of the company's general purpose financial statements.

The company will consider the characteristics of those users while made consideration of the company's own circumstances when determining material information to be disclosed in the financial statements.

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.

Financial assets and financial liabilities are initially measured at transaction value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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 (SPPI) on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Notes to the Financial Statements for the year ended March 31, 2020

Derivative financial instruments are measured at FVTPL as they include leverage which increases the variability of contractual cash flows and cannot be subsequently measured at amortised cost or fair value through other comprehensive income. In particular, trade receivables where contractual cash flows vary based on oil commodity prices at maturity do not meet the SPPI conditions, and are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses (“ECL”) on receivables at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company generally recognises ECL for receivables at amortised cost. The expected credit losses on these financial assets are estimated based on the company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers historical loss rates for each category of customers.

The company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Notes to the Financial Statements for the year ended March 31, 2020

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

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 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.

Notes to the Financial Statements for the year ended March 31, 2020

Derivative financial instruments

The company's activities expose it primarily to commodity price risk. The company uses derivative financial instruments such as oil-related futures and 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 initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to 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 are recognised 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.

The company does not designate its derivatives as hedging instruments for hedge accounting purposes.

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

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

Notes to the Financial Statements for the year ended March 31, 2020

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 - Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals 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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product to a customer. The company has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

Sale of goods

The company recognises revenue from sale of petroleum products. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer. The company has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

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.

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.

Notes to the Financial Statements for the year ended March 31, 2020

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.

Cash and cash equivalents in the Statement of Cash Flows

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.

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.

Notes to the Financial Statements for the year ended March 31, 2020

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

The management is of the opinion that any instances of application of judgements 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 Notes 10 and 8 to the financial statements respectively.

Notes to the Financial Statements for the year ended March 31, 2020

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:

	2020	2019
	US$	US$
Financial assets		
Amortised cost:		
- Cash and cash equivalents	436,434,084	29,287,106
- Trade receivables	109,240,404	613,875,047
- Other receivables	6,488,290	23,839,871
	552,162,778	667,002,024
Mandatorily at FVTPL:		
- Derivative financial instruments	130,921,830	10,170,016
	130,921,830	10,170,016
Total financial assets	683,084,608	677,172,040
Financial liabilities		
Amortised cost:		
- Trade payables	518,010,034	618,235,396
- Other payables	37,155,505	9,939,039
- Short term borrowings	45,000,000	43,500,000
	600,165,539	671,674,435
Mandatorily at FVTPL:		
- Derivative financial instruments	82,903,278	23,817,702
Total financial liabilities	683,068,817	695,492,137

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

As at March 31, 2020 (US$)

Financial assets

	(a)	(b)	(c) = (a) + (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Cash margin with brokers (Note 9)						
Derivative financial instruments (Note 8)	130,921,830	-	130,921,830	(82,903,278)	-	48,018,552

Notes to the Financial Statements for the year ended March 31, 2020

Financial liabilities

	(a)	(b)	(c) = (a) + (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivative financial instruments (Note 8)	82,903,278	-	82,903,278	(82,903,278)	-	-

As at March 31, 2019 (US$)

Financial assets

	(a)	(b)	(c) = (a) + (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Cash margin with brokers (Note 9)	21,133,637	-	21,133,637	-	(13,647,686)	7,485,951
Derivative financial instruments (Note 8)	10,170,016	-	10,170,016	(10,170,016)	-	-

Financial liabilities

	(a)	(b)	(c) = (a) + (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Derivative financial instruments (Note 8)	23,817,702	-	23,817,702	(10,170,016)	(13,647,686)	-

(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.

Notes to the Financial Statements for the year ended March 31, 2020

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, net outstanding physical and financial derivatives positions are as follows:

		2020	2019
		US$	US$
a)	Inventories (Note 10)	50,137,307	54,259,047
b)	Positive fair value of outstanding financial derivatives positions (Note 8)	130,921,830	10,170,016
c)	Negative fair value of outstanding financial derivatives positions (Note 8)	(82,903,278)	(23,817,702)
	Net	98,155,859	40,611,361

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 decrease by:

	2020	2019
	US$	US$
Inventories	(2,506,865)	(2,712,952)
Net outstanding financial derivatives positions (including physical forward contracts)	2,866,415	3,182,650
Net	359,550	469,698

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

No sensitivity analysis is performed on trade receivables/payables at FVTPL as these positions are generally entered back-to-back and are exposed to oil price exposures for a relatively short period of time.

(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.

Notes to the Financial Statements for the year ended March 31, 2020

(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 financial instruments denominated in currencies other than the company's functional currency are as follows:

	2020		2019	
	S$	Others	S$	Others
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Cash and cash equivalents	25	-	46	-
Trade receivables	-	-	5	-
Other receivables	114	-	110	-
	139	-	161	-
Financial liabilities				
Trade and other payables	(2,777)	(1,422)	(1020)	(446)
Net	(2,838)	(1,422)	(859)	(446)

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 other 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 91% and 28% (2019 : 59% and 20%) respectively of the total receivables as at March 31, 2020. 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 66% (2019 : 76%) of top 5 customers is mitigated by 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.

The carrying amount of the company's financial assets as disclosed in Note 4(a) best represents their respective maximum exposure to credit risk. The company holds no collateral over any of these balances. The company only has NIL carrying amount of which are past due at the end of the reporting date, showing that their counterparties did carry out their obligation to pay and hence the non-performance risk is very low and

Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) are immaterial.

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 (2019 : 12 months) from the end of the reporting period.

Notes to the Financial Statements for the year ended March 31, 2020

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

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

The company's trade receivables whose contractual cash flows do not represent solely payments of principal and interest on the principal outstanding, 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$
2020				
Financial assets				
Trade receivables (Note 7)	109,240,404	-	109,240,404	-
Derivative financial instruments (Note 8)	130,921,830	-	130,921,830	-
Financial liabilities				
Trade payables (Note 12)	518,010,034	-	518,010,034	-
Derivative financial instruments (Note 8)	82,903,278	-	82,903,278	-
2019				
Financial assets				
Trade receivables (Note 7)	613,875,047	-	613,875,047	-
Derivative financial instruments (Note 8)	10,170,016	-	10,170,016	-
Financial liabilities				
Trade payables (Note 12)	618,235,396	-	618,235,396	-
Derivative financial instruments (Note 8)	23,817,702	-	23,817,702	-

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

Notes to the Financial Statements for the year ended March 31, 2020

(d) Capital 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 2019.

5 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Reliance Industries Limited ("RIL"), incorporated in India. RIL is also the ultimate controlling entity. 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.

Significant intercompany transactions are as follows:

	2020	2019
	US$	US$
Holding company		
Service charges earned	553,204	564,200
Purchases of goods	(1,193,389,113)	(1,588,334,771)
Recoveries (included in cost of sales)	(566,804)	(242,351)
Delayed payment interests (included in finance cost)	(46,514)	(164,515)
Early payment discount (included in other operating income)	1,096,106	679,954
Corporate guarantee fee paid	(55,414)	(68,963)
Pass through cost reimbursement	-	42,000
Sale of goods	12,837,763	296,163
Related company		
Service charges paid	(3,298,291)	(3,031,003)
Pass through cost recovery	282,714	-
Interest paid on loan	(1,129,818)	(728,232)
Service charges earned	45,971	382,545

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:

	2020	2019
	US$	US$
Short-term benefits	4,383	5,193

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 directors received remuneration from related corporations in their capacity as directors/executives of these related corporations.

Notes to the Financial Statements for the year ended March 31, 2020

6 CASH AND CASH EQUIVALENTS

	2020	2019
	US$	US$
Cash at bank & bank deposits	436,434,084	29,287,106

7 TRADE RECEIVABLES

	2020	2019
	US$	US$
Outside parties	108,619,714	613,016,143
Due from holding company (Note 5)	620,690	853,784
Due from related companies (Note 5)	-	5,120
	109,240,404	613,875,047

The average credit period on sale of goods or services is 30 days (2019: 30 days). Amounts due from holding company are unsecured with credit period of 60 days. No interest is charged on the outstanding balance if paid within the credit period.

Included in the company's trade receivable balance are debtors with a carrying amount of US$NIL (2019 : US$84,000) 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.

The average age of these receivables are as follows:

	2020	2019
	US$	US$
61 days to 90 days	-	42,000
90 days and above	-	42,000
	-	84,000

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:

	Notional amount	Gross positive fair value	Gross negative fair value	Net fair value gain (loss)
	US$	US$	US$	US$
2020				
Physical Forwards	26,100,500	13,151,500	-	13,151,500
Commodity swaps	384,543,990	79,822,560	(72,416,570)	7,405,990
Commodity futures	363,580,346	37,947,769	(10,486,708)	27,461,062
	774,224,836	130,921,830	(82,903,278)	48,018,552
2019				
Physical forwards	65,840,000	134,500	-	134,500
Commodity swaps	570,089,900	6,622,128	(14,269,947)	(7,647,819)
Commodity futures	485,711,054	3,413,388	(9,547,755)	(6,134,367)
	1,121,640,954	10,170,016	(23,817,702)	(13,647,686)

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

Notes to the Financial Statements for the year ended March 31, 2020

9 OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	US$	US$
Current:		
Cash margin with brokers	-	21,133,637
Demurrage receivables	6,278,578	2,552,165
Prepayments	-	68,651
Others	95,823	43,787
	6,374,401	23,798,240
Non-current:		
Deposits	113,889	110,282
	6,488,290	23,908,523

10 INVENTORIES

	2020	2019
	US$	US$
Inventories, at fair value	50,137,307	54,259,047

Inventories at reporting date represent petroleum products. Management considers the company to be a commodity trader. 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). The fair value measurement for inventories is classified as Level 2 at March 31, 2020 and March 31, 2019.

11 PLANT AND EQUIPMENT

	Fixtures and fittings	Computer equipment	Office equipment	Total
	US$	US$	US$	US$
Cost:				
At April 1, 2018	210,113	320,259	97,935	628,307
Additions	-	54,887	-	54,887
At March 31, 2019	210,113	375,146	97,935	683,194
Additions	-	-	-	-
At March 31, 2020	210,113	375,146	97,935	683,194
Accumulated depreciation:				
At April 1, 2018	177,867	282,014	46,177	506,058
Depreciation for the year	5,837	15,298	7,078	28,213
At March 31, 2019	183,704	297,312	53,255	534,271
Depreciation for the year	4,754	39,796	8,042	52,592
At March 31, 2020	188,458	337,108	61,297	586,863
Carrying amount:				
At March 31, 2019	26,409	77,834	44,680	148,923
At March 31, 2020	21,655	38,038	36,638	96,331

Notes to the Financial Statements for the year ended March 31, 2020

12 RIGHT TO USE ASSETS

The company has leasehold storage tanks for petroleum products (lease term 5 years) and office building (lease term 3 years) in Singapore.

	Leasehold storage tanks	Leasehold office building	Total
	US$	US$	US$
Cost:			
At April 1, 2019 – effects of adoption of FRS116	19,068,471	391,542	19,460,013
Additions	5,163,957	568,802	5,732,759
Charge for the year	(8,763,951)	(268,698)	(9,032,649)
At March 31, 2020	15,468,477	691,646	16,160,123
Average remaining amortisation period (years) – March 31, 2020	1.6	2.6	-

13 TRADE AND OTHER PAYABLES

	2020	2019
	US$	US$
Trade payables due to outside parties	516,218,250	596,415,354
Trade payables due to immediate holding company (Note 5)	1,376,932	21,565,367
Trade payables due to related company (Note 5)	414,852	486,007
Advances received from customers	22,830,698	-
Other payables	897,983	42,387
Accruals	13,426,824	9,665,320
	555,165,539	628,174,435

The average credit period on purchases of oil is 30 days (2019: 30 days). No interest is charged on the payment made within due date. Once payment is overdue, interest is payable on LIBOR linked rates. The borrowing was fully repaid during the year.

14 LEASE LIABILITIES

	2020
Maturity Analysis	US$
Year 1	10,299,481
Year 2	6,123,762
Year 3	162,024
	16,585,267
Less: Unearned Interest	(603,329)
	15,981,938
Analysed as:	
Current	10,010,705
Non-current	5,971,233
	15,981,938

Notes to the Financial Statements for the year ended March 31, 2020

Reconciliation of lease liabilities arising from financing activities

The table below details changes in the Company's lease liabilities arising from the financing activities, including both cash and non-cash changes. Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Lease Liabilities	**USD**
As at 31 March 2019	-
Adoption of FRS116	19,460,013
As at 1 April 2019	19,460,013
Financing cash flow	(9,210,834)
New lease liabilities	4,998,195
Other changes (i)	734,564
As at 31 March 2020	15,981,938

(i) Other Changes include foreign exchange movement, interest accruals and payments.

15 SHORT TERM BORROWINGS

	2020	2019
	US$	US$
Short term borrowings	45,000,000	43,500,000

The short term borrowing is being provided by a related party for a maximum tenure of 12 months at an interest rate of 0.45 percent plus one month LIBOR.

Reconciliation of liabilities arising from financing activities

The table below details changes in the company's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the company's statement of cash flows as cash flows from financing activities.

	2020	**2019**
	US$	**US$**
Balance at beginning of the year	**43,500,000**	**-**
Borrowings during the year	**1,500,000**	**43,500,000**
Balance at the end of the year	**45,000,000**	**43,500,000**

16 SHARE CAPITAL

	2020	**2019**	**2020**	**2019**
	Number of ordinary shares		**US$**	**US$**
Issued and fully paid up:				
At beginning and end of year	**1,500,000**	**1,500,000**	**1,175,180**	**1,175,180**

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

Notes to the Financial Statements for the year ended March 31, 2020

17 REVENUE

	2020	2019
	US$	US$
Sale of goods	11,532,533,005	7,981,313,485
Service charges	599,174	847,450
	11,533,132,179	7,982,160,935

18 OTHER OPERATING EXPENSES

	2020	2019
	US$	US$
Office rental	8,344	309,329
Legal and professional fees	187,434	170,725
Subscription fees	251,343	190,129
Net foreign exchange loss/(gain)	278,673	(85,357)
Business promotion expenses	3,028,336	2,985,015
Amortisation of leased assets	9,032,649	-
Others	298,109	332,490
	13,084,888	3,902,331

19 FINANCE COSTS

	2020	2019
	US$	US$
Interest expense	5,799,672	2,340,654
Finance/Bank charges	460,201	317,829
	6,259,873	2,658,483

20 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging the following:

	2020	2019
	US$	US$
Directors' remuneration	4,383	5,193
Staff costs	3,045,892	3,381,476
Cost of defined contribution plans included in staff cost	91,291	67,688
Cost of inventories recognised as expenses	11,578,345,492	7,886,152,099
Other charges	(83,038,533)	51,588,781
Tank hire charges	1,705,793	6,668,942

Notes to the Financial Statements for the year ended March 31, 2020

21 INCOME TAX

	2020	2019
	US$	US$
Current tax	785,218	1,446,652
(Under)/Over provision in prior years	(20,427)	109,254
Total	764,791	1,555,906

The income tax expense varied from the amount of tax expense determined by applying the Singapore tax rate of 17% (2019 : 17%) to profit before income tax as a result of the following differences:

	2020	2019
	US$	US$
Profit before income tax	15,704,045	28,933,056
Income tax expense at statutory rate of 17%	2,669,703	4,918,619
Effect of concessionary tax rate	(1,884,485)	(3,471,967)
(Under)/Over provision of tax in prior years	(20,427)	109,254
Total income tax expense	764,791	1,555,906

The company has been awarded the Global Trader Programme Status ("GTP") in Singapore for a period of 5 years effective from November 1, 2019. Under the GTP Status, qualifying income is taxed at a concessionary tax rate of 5%.

22 EVENTS AFTER REPORTING DATE

The outbreak of Coronavirus (COVID -19) pandemic globally and in Singapore is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lock down of production facilities etc.

The company has evaluated impact of COVID -19 on its business operations and based on its review there is no significant impact on its financial statements.