Reliance Global Energy Services (Singapore) Pte Ltd

Independent Auditors' Report

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

Report on 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, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 34.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the company for the year ended on that date.

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
April 12, 2016

Statement of Financial Position March 31, 2016

	Note	2016 US$	2015 US$
ASSETS			
Current assets			
Cash and cash equivalents	6	**625,134**	2,632,994
Trade receivables	7	**97,167,010**	87,875,275
Derivative financial instruments	8	**49,850,672**	3,509,789
Deposits placed with brokers	9	**-**	9,356,606
Other receivables and prepayments	10	**74,212**	21,055
Inventories	11	**57,184,268**	160,295,832
Total current assets		**204,901,296**	263,691,551
Non-current assets			
Other receivables and prepayments	10	**120,137**	96,751
Plant and equipment	12	**225,285**	154,776
Total non-current assets		**345,422**	251,527
Total assets		**205,246,718**	263,943,078
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	**160,946,514**	254,765,897
Derivative financial instruments	8	**35,319,269**	5,642,232
Income tax payable		**365,260**	321,100
Total current liabilities		**196,631,043**	260,729,229
Capital and reserves			
Share capital	14	**1,175,180**	1,175,180
Exchange reserves		**1,923**	254,929
Accumulated profits		**7,438,572**	1,783,740
Total equity		**8,615,675**	3,213,849
Total liabilities and equity		**205,246,718**	263,943,078

See accompanying notes to financial statements.

Statement of Profit or Loss and other Comprehensive Income Year ended March 31, 2016

	Note	2016 US$	2015 US$
Revenue	15	**1,152,329,820**	225,063,130
Cost of sales		**(1,139,946,887)**	(219,690,996)
Gross profit		**12,382,933**	5,372,134
Other operating income		**51,811**	56,003
Staff costs		**(3,951,573)**	(2,071,999)
Other operating expenses	16	**(1,296,874)**	(974,450)
Finance costs	17	**(1,972,462)**	(283,660)
Net foreign exchange gains		**741,006**	-
Profit before income tax	18	**5,954,841**	2,098,028
Income tax expense	19	**(300,009)**	(321,119)
Profit for the year		**5,654,832**	1,776,909
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences in foreign currency translation reserve		**(253,006)**	253,006
Total comprehensive income for the year		**5,401,826**	2,029,915

See accompanying notes to financial statements.

Statement of Changes in Equity Year ended March 31, 2016

	Share capital US$	Exchange reserves US$	Accumulated profits US$	Total
Balance at April 1, 2014	1,175,180	1,923	183,581	1,360,684
Total comprehensive income for the year				
Profit for the year	-	-	1,776,909	1,776,909
Other comprehensive				
income for the year	-	253,006	-	253,006
Total -	-	1,776,909	2,029,915	
Transactions with owner				
dividends paid (Note 20)	-	-	(176,750)	(176,750)
Balance at March 31, 2015	1,175,180	254,929	1,783,740	3,213,849
Total comprehensive income for the year				
Profit for the year	-	-	5,654,832	5,654,832
Other comprehensive				
income for the year	-	(253,006)	-	(253,006)
Total	-	(253,006)	5,654,832	5,401,826
Balance at March 31, 2016	1,175,180	1,923	7,438,572	8,615,675

See accompanying notes to financial statements.

Statement of Cash Flows Year ended March 31, 2016

	2016 US$	2015 US$
Cash flows from operating activities		
Profit before income tax	**5,954,841**	2,098,028
Adjustments for:		
Interest expense	**1,628,474**	270,019
Depreciation expense	**63,278**	22,927
Allowance on inventory	**-**	1,954,150
Fair value (gain) loss on derivatives and inventories	**(21,824,155)**	2,132,443
Operating cash flows before working capital changes	**(14,177,562)**	6,477,567
Trade receivables	**(9,291,735)**	(87,343,947)
Other receivables	**(76,543)**	(2,625)
Deposits placed with brokers	**9,356,606**	(9,356,606)
Inventories	**108,271,873**	(162,249,982)
Trade and other payables	**(93,819,383)**	254,491,644
Cash generated from operations	**263,256**	2,016,051
Interest paid	**(1,628,474)**	(270,019)
Income tax paid	**(255,849)**	(8,974)
Net cash (used in) from operating activities	**(1,621,067)**	1,737,058
Cash flows from investing activities		
Purchase of fixed assets, representing net cash used in investing activities	**(133,787)**	(50,763)
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	**-**	(176,750)
Net (decrease) increase in cash and cash equivalents	**(1,754,854)**	1,509,545
Currency translation differences	**(253,006)**	253,006
Cash and cash equivalents at the beginning of the year	**2,632,994**	870,443
Cash and cash equivalents at the end of the year	**625,134**	2,632,994

See accompanying notes to financial statement.

Notes to Financial Statements March 31, 2016

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, 2016 were authorised for issue by the Board of Directors on April 12, 2016.

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 Singapore Financial Reporting Standards (“FRS”).

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, 2015, the company adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) 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 financial years.

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

- FRS 109 *Financial Instruments*[3]
- FRS 115 *Revenue from Contracts with Customers*[3]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[2]
- Improvements to Financial Reporting Standards (November 2014)[1]

[1] Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[3] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Notes to Financial Statements March 31, 2016

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

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

FRS 115 *Revenue from Contracts with Customers*

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Notes to Financial Statements March 31, 2016

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

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

The management is in the process of assessing the impact of these standards in the year of adoption.

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

<u>Effective interest method</u>

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

Financial assets

<u>Cash and cash equivalents</u>

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

<u>Loan and receivables</u>

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

<u>Impairment of financial assets</u>

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

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

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

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

<u>Derecognition of financial assets</u>

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

Notes to Financial Statements March 31, 2016

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

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Trade and other payables</u>

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.

<u>Derecognition of financial liabilities</u>

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

<u>Derivative financial instruments</u>

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.

<u>Offsetting arrangements</u>

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 – Effective April 1, 2015, 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. Please refer to note 11 for further details.

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

Notes to Financial Statements March 31, 2016

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 that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

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

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

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

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

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

Notes to Financial Statements March 31, 2016

Sale of goods

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

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

Service income

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

Interest income

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

Rental income

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

Borrowing costs

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

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

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

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

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

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

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

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

Notes to Financial Statements March 31, 2016

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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(ii) Key sources of estimation uncertainty

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

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

The fair value of the inventories, physical forward contracts and derivative commodities contracts outstanding at the end of the reporting period, where market prices are not quoted and is subject to estimation uncertainty, is determined by using valuation techniques. The company uses valuation models to determine the fair value based on relevant factors, including trade price quotations, time value and volatility factors underlying the commodities and commodity exchange price quotations and dealer quotations for similar commodities traded in different markets and geographical areas, existing at the end of the reporting period. A sensitivity analysis of the impact on the company's profit or loss arising from changes in market price is set out on Note 4(c)(i) to the financial statements. The fair values of the inventories and physical forward and derivative commodities contracts are disclosed in Note 11 and 8 to the financial statements respectively.

Notes to Financial Statements March 31, 2016

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:

	2016	2015
	US$	US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	**97,972,179**	99,971,660
Derivative financial instruments	**49,850,672**	3,509,789
Financial liabilities		
Payables, at amortised cost	**160,946,514**	254,765,897
Derivative financial instruments	**35,319,269**	5,642,232

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

The financial assets and financial liabilities are presented on gross basis in the statement of financial position except for derivatives receivables and derivatives payables arising from the company's financial instruments on swaps, futures and options. The gross amounts of the recognised financial assets and financial liabilities and the net amount of the aforementioned financial instruments presented in the statement of financial position is disclosed in Note 8 to the financial statements.

(c) Financial risk management policies and objectives

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

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.

Notes to Financial Statements March 31, 2016

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

		2016 US$	2015 US$
a)	Inventories (Note 11)	**57,184,268**	160,295,832
b)	Positive fair value of outstanding financial derivatives positions (Note 8)	**49,850,672**	3,509,789
c)	Negative fair value of outstanding financial derivatives positions (Note 8)	**(35,319,269)**	(5,642,232)
	Net	**71,715,671**	158,163,389

Price sensitivity analysis

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

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

	2016 US$	2015 US$
Inventories	**(2,851,778)**	(8,014,792)
Net outstanding financial derivatives positions (including physical forward contracts)	**(3,217,478)**	886,518
Net	**(6,069,256)**	(7,128,274)

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

(ii) Interest rate risk management

The company is exposed to limited interest rate risk.

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

(iii) Foreign exchange risk management

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

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

	2016		2015	
	S$ US$'000	**Others US$'000**	S$ US$'000	Others US$'000
Financial assets				
Cash and cash equivalents	553	1	310	2
Trade receivables	177	97	674	83
Other receivables	14	10	107	9
Total	744	108	1,091	94
Financial liabilities				
Trade and other payables	(2,559)	(173)	(3,867)	(251)
Net	(1,815)	(65)	(2,776)	(157)

Notes to Financial Statements March 31, 2016

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

(iv) Credit risk

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

The company's credit risk is primarily attributable to its trade receivables and amounts due from related companies and immediate holding company. The company has a few major customers resulting in concentration of credit risk. The top 5 largest customers and largest customer of the company accounted for 94% and 29% (2015 : 98% and 33%) respectively of the total receivables as at March 31, 2016. 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 45% (2015 : 47%) of top 5 customers is covered under irrevocable documentary letter of credit issued by A1/P1 rated bank. Further, the management has monitoring procedures to ensure that follow-up action is taken to monitor the recoverability of amounts due from related companies and immediate holding company. Accordingly, the management considers the credit risk to be low.

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

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

(v) Liquidity risk

Liquidity risk is managed by matching the payment and receipt cycle. The company's operations are financed mainly through equity and extended credit from ultimate holding company.

Substantially all of financial assets and liabilities as at the end of the reporting period are repayable on demand or due within 12 months (2015 : 12 months) from the end of the reporting period. The company does not expect any material difference in the fair value of the advance to vendor from its carrying amount due to its short-term maturity.

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

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

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

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

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

1. the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

2. the fair value of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

3. the fair value of derivative instruments are determined using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives.

Notes to Financial Statements March 31, 2016

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy level has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c. inputs for the asset or liability that are not based or observable market data (unobservable inputs) (Level 3).

	Total US$	Level 1 US$	Level 2 US$	Level 3 US$
2016				
Financial assets				
Derivative financial instruments	49,850,672	-	49,850,672	-
Financial liabilities				
Derivative financial instruments	(35,319,269)	-	(35,319,269)	-
2015				
Financial assets				
Derivative financial instruments	3,509,789	-	3,509,789	-
Financial liabilities				
Derivative financial instruments	(5,642,232)	-	(5,642,232)	-

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

(d) Capital risk management policies and objectives

The company's objectives in managing its capital (the company's shareholder's fund) as a going concern includes preserving its overall financial health and strength for the benefit of all stakeholders and safeguarding its ability to continue generating sustainable long term profitability. The capital structure of the company consists of issued capital and accumulated profits. The company's overall strategy remains unchanged from 2015.

5 HOLDING COMPANY, RELATED COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary of Reliance Industries (Middle East) DMCC, incorporated in United Arab Emirates ("UAE"). Reliance Industries Limited, is the ultimate holding company incorporated in India. Related companies in these financial statements refer to members of the ultimate 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.

Notes to Financial Statements March 31, 2016

Significant intercompany transactions are as follows:

	2016	2015
	$	$
Ultimate holding company		
Service charges earned	**1,634,654**	2,350,800
Purchases of goods	**594,868,273**	315,262,011
(Recoveries) Other direct costs (included in cost of sales)	**(9,986,922)**	1,120,522
Delayed payment interests	**1,628,406**	-
Corporate guarantee fee paid	**26,811**	7,595
Related company		
Rental income	**56,004**	56,004
Service Charges earned	**649,678**	-

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

Compensation of directors and key management personnel

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

	2016	2015
	US$	US$
Short-term benefits	**295,404**	320,588

Key management comprises only the directors.

The remuneration of directors and key management is determined by the board of directors having regard to the performance of individuals and market trends. Some of the the directors received remuneration from related corporations in their capacity as directors/executives of these related corporations. No remuneration is paid / payable by those related corporation for or on behalf of the Company.

6 CASH AND CASH EQUIVALENTS

	2016	2015
	US$	US$
Cash at bank	**625,134**	2,632,994

7 TRADE RECEIVABLES

	2016	2015
	US$	US$
Outside parties	**83,527,227**	87,201,273
Due from ultimate holding company	**13,540,616**	636,761
Due from related companies	**99,167**	37,240
Total	**97,167,010**	87,875,275

Notes to Financial Statements March 31, 2016

The average credit period on sale of goods or services is 30 days (2015 : 30 days.). Amounts due from ultimate holding company are unsecured with credit period of 60 days. No interest is charged on the outstanding balance if paid within the credit period. Of the trade receivables balance at the end of the year, $64.53 million (2015 : $74.43 million) is due from the top three counterparties.

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

Included in the company’s trade receivable balance are debtors with a carrying amount of US$5,619,647 (2014: $299,698) which are past due at the end of reporting period for which the company has not provided as there has not been a significant change in credit quality and the amounts are considered recoverable.

The average age of these receivables are as follows:

	2016 US$	2015 US$
< 30 days	**-**	-
31 days to 60 days	**-**	-
61 days to 90 days	**235,344**	282,899
90days	**5,384,303**	16,799
	5,619,647	299,698

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 principal US$	Gross positive fair value US$	Gross negative fair value US$	Net fair value gain/(loss) US$
2016				
Physical forwards	98,796,564	1,942,842	(2,804,000)	(861,158)
Commodity swaps	802,570,303	47,763,056	(31,735,291)	16,027,765
Commodity futures	30,914,124	144,774	(779,978)	(635,204)
Total	932,280,991	49,850,672	(35,319,269)	14,531,403
2015				
Commodity swaps	7,935,628	629,472	(318,008)	311,464
Commodity futures	249,731,110	2,880,317	(5,324,224)	(2,443,907)
Total	257,666,738	3,509,789	(5,642,232)	(2,132,443)

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

Notes to Financial Statements March 31, 2016

9 DEPOSITS PLACED WITH BROKERS

	2016 US$	2015 US$
Deposits placed with brokers	**-**	9,356,606

Margin deposits are placed with brokers for trading in derivatives. These deposits do not earn interest.

All deposits placed with brokers are denominated in the company's functional currency.

10 OTHER RECEIVABLES AND PREPAYMENTS

	2016 US$	2015 US$
Current:		
Other receivables	**59,898**	10,034
Prepayments	**14,314**	11,021
	74,212	21,055
Non-current:		
Deposits	**120,137**	96,751
Total	**194,349**	117,806

11 INVENTORIES

	2016 US$	2015 US$
Inventories, at fair value	**57,184,268**	-
Inventories, at lower of cost or net realisable value	**-**	160,295,832

Inventories at reporting date represent petroleum products. Under the previous business model, inventories were stated at cost or net realisable value, whichever is lower as the Company had a back to back business model.

Under the current business model effective April 1, 2015, management has determined that they meet the criteria mentioned in FRS 2 - Inventories, Para 3 (b) as a commodity broker-trader. Accordingly, the company's inventories are stated at fair value as allowed under FRS 2 *Inventories*. For financial reporting purposes, the company classifies fair value measurement of inventories in accordance with Note 4(vi). Accordingly, the fair value measurement for inventories is classified as Level 2 at March 31, 2016. Management is of the view that the change in accounting policy driven by a change in business model does not have a material impact on the amounts of inventory as previously reported, hence does not require a retrospective application.

Notes to Financial Statements March 31, 2016

12 PLANT AND EQUIPMENT

	Fixtures and fittings US$	Computer equipment US$	Office equipment US$	Total US$
Cost:				
At April 1, 2015	210,113	166,089	67,555	443,757
Additions	-	20,383	30,380	50,763
At March 31, 2015	210,113	186,472	97,935	494,520
Additions	-	133,787	-	133,787
At March 31, 2016	210,113	320,259	97,935	628,307
Accumulated depreciation:				
At April 1, 2015	138,825	154,900	23,092	316,817
Depreciation for the year	12,598	8,230	2,099	22,927
At March 31, 2015	151,423	163,130	25,191	339,744
Depreciation for the year	10,616	50,892	1,770	63,278
At March 31, 2016	162,039	214,022	26,961	403,022
Carrying amount:				
At March 31, 2015	58,690	23,342	72,744	154,776
At March 31, 2016	48,074	106,237	70,974	225,285

13 TRADE AND OTHER PAYABLES

	2016 US$	2015 US$
Trade payables due to outside parties	**40,242,697**	9,137,600
Trade payables due to immediate holding company (Note 5)	**118,205,578**	242,020,629
Trade payables due to related company (Note 5)	**28,750**	-
Other payables	**788,375**	695,536
Deposit from sublease - related company (Note 5)	**11,590**	11,377
Accruals	**1,669,524**	2,900,755
	160,946,514	254,765,897

The average credit period on purchases of fuel oil is 30 days (2015 : 30 days). No interest is charged on the payment made within due date. On overdue payment, interest is payable on LIBOR linked rates.

Notes to Financial Statements March 31, 2016

14 SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares		US$	US$
Issued and fully paid up:				
At the beginning and the end of the year	**1,500,000**	1,500,000	1,175,180	1,175,180

15 REVENUE

	2016	2015
	US$	US$
Sale of goods	**1,150,045,488**	222,712,330
Service charges	**2,284,332**	2,350,800
	1,152,329,820	225,063,130

16 OTHER OPERATING EXPENSE

	2016	2015
	US$	US$
Rental	**301,173**	310,894
Legal and professional fees	**283,049**	308,407
Subscription fees	**139,151**	112,336
Others	**573,500**	242,813
	1,296,874	974,450

17 FINANCE COST

	2016	2015
	US$	US$
Interest expense	**1,628,474**	270,019
Finance / Bank charges	**343,988**	13,641
	1,972,462	283,660

18 PROFIT FOR THE YEAR

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

	2016	2015
	US$	US$
Directors' remuneration	**295,404**	320,588
Staff costs (including directors' remuneration)	**3,951,574**	2,071,999
Cost of defined contribution plans included in staff cost	**63,800**	27,296
Cost of inventories recognised as expenses	**1,139,946,887**	210,860,449
Allowance for inventories	**-**	1,954,150

Notes to Financial Statements March 31, 2016

19 INCOME TAX EXPENSE

	2016 US$	2015 US$
Income tax:		
Current	**300,009**	321,119

The income tax expense varied from the amount of tax expense determined by applying the Singapore tax rate of 17% (2015 : 17%) to profit before tax as a result of the following differences:

	2016 US$	2015 US$
Profit before tax	**5,954,841**	2,098,028
Income tax expense at statutory rate of 17% (2015 : 17%)	**1,012,323**	356,665
Exempt income	**(18,702)**	(18,834)
Tax incentives	**(580,079)**	(13,692)
Others	**(113,533)**	(3,020)
Total income tax expense	**300,009**	321,119

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

20 DIVIDENDS

In the financial year ended March 31, 2014, a final dividend of US$0.12 per share (total dividend of US$176,750) was declared to the company’s shareholder on June 2, 2014 and paid on July 10, 2014.

21 OPERATING LEASE COMMITMENTS

	2016 US$	2015 US$
Minimum lease payments paid under operating leases recognised as expense in the year	**6,273,461**	4,225,776

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

	2016 US$	2015 US$
Within one year	**13,250,880**	12,896,413
Within the next two to five years	**20,745,976**	32,621,723
Total	**33,996,856**	45,518,136

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