Reliance Global Energy Services (Singapore) Pte. Limited

Financial Statements
2021-22

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 financial statements of Reliance Global Energy Services (Singapore) Pte Ltd (the "company"), which comprise the statement of financial position as at March 31, 2022, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 39.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (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, 2022 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

(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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 28, 2022

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION
March 31, 2022

	Note	2022	2021
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents	6	49,720,428	66,371,780
Trade receivables	7	136,674,531	304,016,202
Risk component asset designated as hedged item	8	30,139,086	-
Derivative financial instruments	8	207,917,234	29,727,110
Other receivables and prepayments	9	189,288,353	31,963,823
Inventories	10	310,585,422	217,576,734
Total current assets		924,325,054	649,655,649
Non-current assets			
Other receivables and prepayments	9	105,026	107,986
Plant and equipment	11	61,273	86,241
Right-of-use assets	12	16,444,550	5,964,722
Total non-current assets		16,610,849	6,158,949
Total assets		940,935,903	655,814,598
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	548,175,671	548,421,360
Lease liabilities	14	10,450,562	5,287,099
Derivative financial instruments	8	290,167,486	24,858,904
Income tax payable		552,067	1,352,123
Total current liabilities		849,345,786	579,919,486
Non-current liability			
Lease liabilities	14	6,039,639	153,762
Capital and reserves			
Share capital	16	1,175,180	1,175,180
Exchange reserves		1,923	1,923
Accumulated profits		84,373,375	74,564,247
Total equity		85,550,478	75,741,350
Total liabilities and equity		940,935,903	655,814,598

See accompanying notes to financial statements.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2022

	Note	2022 US$	2021 US$
Revenue	17	10,047,859,667	6,722,569,536
Cost of sales		(10,019,331,205)	(6,678,629,746)
Gross profit		28,528,462	43,939,790
Other operating income		1,896,406	1,423,377
Staff costs		(3,010,242)	(2,758,498)
Other operating expenses, net	18	(15,138,656)	(14,166,279)
Finance costs	19	(1,896,791)	(975,878)
Profit before income tax	20	10,379,179	27,462,512
Income tax	21	(570,051)	(1,363,558)
Profit for the year, representing total comprehensive income for the year		9,809,128	26,098,954

See accompanying notes to financial statements.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2022

	Share capital	Exchange reserves	Accumulated profits	Total
	US$	US$	US$	US$
Balance at April 1, 2020	1,175,180	1,923	48,465,293	49,642,396
Net profit for the year, representing total comprehensive income for the year	-	-	26,098,954	26,098,954
Balance at March 31, 2021	1,175,180	1,923	74,564,247	75,741,350
Net profit for the year, representing total comprehensive income for the year	-	-	9,809,128	9,809,128
Balance at March 31, 2022	1,175,180	1,923	84,373,375	85,550,478

See accompanying notes to financial statements.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS
Year ended March 31, 2022

	2022	2021
	US$	US$
Cash flows from operating activities		
Profit before income tax	10,379,179	27,462,512
Adjustments for:		
Interest expense	908,471	171,715
Interest expense on lease liabilities (Note 14)	142,163	235,457
Interest income	(1,877,869)	(1,288,408)
Depreciation expense (Note 11)	24,968	39,727
Amortisation of right-of-use assets (Note 12)	10,093,744	10,195,401
Net fair value loss on derivatives	56,979,372	43,150,346
Operating cash flows before working capital changes	76,650,028	79,966,750
Trade receivables	167,341,671	(194,775,799)
Other receivables and prepayments	(157,321,570)	(25,583,519)
Inventories	(93,008,688)	(167,439,427)
Trade and other payables	(245,689)	(6,744,178)
Cash used in operations	(6,584,248)	(314,576,173)
Interest paid	(908,471)	(171,715)
Interest received	1,877,869	1,288,408
Income tax paid	(1,370,107)	(796,653)
Net cash used in operating activities	(6,984,957)	(314,256,133)
Cash flows from investing activity		
Purchase of fixed assets, representing net cash used in investing activity	-	(29,637)
Cash flows from financing activities		
Repayment of lease liabilities (Note 14)	(9,666,395)	(10,776,534)
Repayment of short term borrowings (Note 15)	-	(45,000,000)
Net cash used in financing activities	(9,666,395)	(55,776,534)
Net decrease in cash and cash equivalents	(16,651,352)	(370,062,304)
Cash and cash equivalents at beginning of year (Note 6)	66,371,780	436,434,084
Cash and cash equivalents at end of year (Note 6)	49,720,428	66,371,780

See accompanying notes to financial statements.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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, 2022 were authorised for issue by the Board of Directors on April 28, 2022.

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 1967 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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2021, 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 year.

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:

<u>Effective for annual periods beginning on or after January 1, 2022</u>

- Amendments to FRS 3: *Business Combinations: Reference to the Conceptual Framework*
- Amendments to FRS 16: *Property, Plant and Equipment – Proceeds before intended use*
- Amendments to FRS 37: *Onerous contracts – cost of fulfilling a contract*
- Annual Improvements to FRSs 2018-2020

<u>Effective for annual periods beginning on or after January 1, 2023</u>

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 12: *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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).

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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.

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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 may designate certain derivatives as hedging instruments for hedge accounting purposes.

Hedge accounting

The company designates certain derivatives as hedging instruments in respect of foreign currency risk, interest rate risk and price risk in fair value hedges, cash flow hedges as appropriate. Hedges of price risk on firm commitments are accounted for as fair value hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of derivative contract (i.e. including the forward elements) designated as the hedging instrument for its hedging relationships.

Note 8 sets out details of the fair values of the derivative instruments used for hedging purposes.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

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.

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2022

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 - The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate specific to the lessee.

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Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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The right-of-use assets are presented as a separate line in the statement of financial position. The company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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 recognised 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 accounted for 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.

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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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

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

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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.

(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.

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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:

	2022	2021
	US$	US$
Financial assets		
Amortised cost:		
- Cash and cash equivalents	49,720,428	66,371,780
- Trade receivables	136,674,531	304,016,202
- Other receivables	189,393,380	32,071,809
	375,788,339	402,459,791
Mandatorily at FVTPL:		
- Derivative financial instruments	207,917,234	29,727,110
	207,917,234	29,727,110
Total financial assets	583,705,573	432,186,901
Financial liabilities		
Amortised cost:		
- Trade payables	528,728,816	529,069,201
- Other payables	19,446,855	19,352,159
	548,175,671	548,421,360
Mandatorily at FVTPL:		
- Derivative financial instruments	260,028,400	24,858,904
Designated as hedging instruments for a fair value hedge:		
- Derivative financial instruments	30,139,086	-
Lease liabilities	16,490,201	5,440,861
Total financial liabilities	854,833,358	578,721,125

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

As at March 31, 2022 (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)	181,461,741	-	181,461,741	-	(82,250,252)	99,211,489
Derivative financial instruments (Note 8)	207,917,234	-	207,917,234	(207,917,234)	-	-

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)	290,167,486	-	290,167,486	(207,917,234)	(82,250,252)	-

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As at March 31, 2021 (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)	22,095,106	-	22,095,106	-	-	22,095,106
Derivative financial instruments (Note 8)	29,727,110	-	29,727,110	(24,858,904)	-	4,868,206

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)	24,858,904	-	24,858,904	(24,858,904)	-	-

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(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.

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) <u>Oil price risk</u>

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.

In the wake of the recent development in Ukraine and Russia, the company continues a detailed monitoring of the situation in Russia and Ukraine and its widespread implications on economic and global financial markets and exacerbated ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. The impact of the war and other macroeconomic market disruptions on the fair valuation input estimates as well as macroeconomic forecasts and other key input indicators relevant to the company's portfolio will be incorporated into its estimates of fair valuation.

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.

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

		2022	2021
		US$	US$
a)	Inventories (Note 10)	310,585,422	217,576,734
b)	Risk component asset designated as hedged item (Note 8)	30,139,086	-
c)	Positive fair value of outstanding financial derivatives positions (Note 8)	207,917,234	29,727,110
d)	Negative fair value of outstanding financial derivatives positions (Note 8)	(260,028,400)	(24,858,904)
e)	Negative fair value of outstanding financial derivatives positions designated as hedging instruments of a fair value hedge (Note 8)	(30,139,086)	-
	Net	258,474,256	222,444,940

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:

	2022	2021
	US$	US$
Inventories	(15,529,271)	(10,878,837)
Net outstanding financial derivatives positions (including physical forward contracts)	14,598,148	9,026,402
Net	(931,123)	(1,852,435)

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

(ii) Interest rate risk management

The company is exposed to limited interest rate risk.

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

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(iii) Foreign exchange risk management

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

At the end of the reporting period, the carrying amounts of financial instruments denominated in currencies other than the company's functional currency are as follows:

	2022		2021	
	S$	Others	S$	Others
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Cash and cash equivalents	133	-	60	-
Other receivables	241	-	108	-
	374		168	-
Financial liabilities				
Trade and other payables	(2,203)	(343)	(2,378)	(536)
Net	(1,829)	(343)	(2,210)	(536)

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 93% and 52% (2021 : 82% and 24%) respectively of the total receivables as at March 31, 2022. 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 11% (2021 : 55%) 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.

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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 any adjustments for non-performance risk is expected to be immaterial.

Management considers the credit risk on liquid funds to be limited as these funds are repayable on demand or due within 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 (2021 : 12 months) from the end of the reporting period.

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 (2021 : within 1 year from end of the reporting period).

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

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, and generally classified as Level 2 of the fair value hierarchy.

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.

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	Total	Level 1	Level 2	Level 3
	US$	US$	US$	US$
2022				
Financial assets				
Derivative financial instruments (Note 8)	207,917,234	-	207,917,234	-
Financial liabilities				
Derivative financial instruments (Note 8)	290,167,486	-	290,167,486	-

	Total	Level 1	Level 2	Level 3
	US$	US$	US$	US$
2021				
Financial assets				
Derivative financial instruments (Note 8)	29,727,110	-	29,727,110	-
Financial liabilities				
Derivative financial instruments (Note 8)	24,858,904	-	24,858,904	-

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

(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 2021.

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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:

	2022	2021
	US$	US$
Holding company		
Service charges earned	649,400	383,407
Service charges paid	(271,564)	(91,326)
Purchases of goods	(5,661,254,195)	(1,921,943,893)
Recoveries / (Expenses) (included in cost of sales)	(12,452,546)	(1,769,390)
Early payment discount (included in other operating income)	1,866,926	1,212,085
Corporate guarantee fee paid in respect of Holding company's guarantee extended to a banking institution for trade finance facilities	(44,028)	(27,511)
Sale of goods	37,891,395	54,150,057
Related company		
Service charges paid	(3,138,754)	(3,188,472)
Pass through cost recovery	259,999	259,999
Interest paid on loan	-	(80,421)
Purchases of goods	(69,151,503)	-
Early payment discount (included in other operating income)	10,943	-

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 year was as follows:

	2022	2021
	US$	US$
Short-term benefits	460,132	396,733

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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.

6 CASH AND CASH EQUIVALENTS

	2022	2021
	US$	US$
Cash at bank & bank deposits	49,720,428	66,371,780

7 TRADE RECEIVABLES

	2022	2021
	US$	US$
Outside parties	136,418,965	303,966,146
Due from holding company (Note 5)	255,566	50,056
	136,674,531	304,016,202

The average credit period on sale of goods or services is 30 days (2021 : 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.

Loss allowance for trade and other receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade and other receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

There are no trade receivables are past due at the end of reporting period. There has not been a significant change in credit quality. Management determines the due from holding company is subject to immaterial credit loss.

Certain trade receivables have been pledged as security for credit facilities obtained by the Company.

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8 DERIVATIVES AND HEDGING INSTRUMENTS

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$
2022				
Physical forwards	158,894,255	385,456	-	385,456
Commodity swaps	1,466,647,714	115,920,609	(166,313,567)	(50,392,958)
Commodity futures	1,560,622,345	91,611,169	(123,853,919)	(32,242,750)
	3,186,164,314	207,917,234	(290,167,486)	(82,250,252)
2021				
Physical forwards	35,644,500	630,496	-	630,496
Commodity swaps	508,947,817	16,555,349	(22,037,554)	(5,482,205)
Commodity futures	388,955,976	12,541,265	(2,821,350)	9,719,915
	933,548,293	29,727,110	(24,858,904)	4,868,206

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

Designated hedging instruments as at March 31, 2022

	Notional amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for 2022
		Assets	Liabilities		
Fair value hedges					
Commodity Price risk • Commodity swaps/futures	28,549,685	-	(30,139,086)	Derivative financial instruments	30,139,086

RELIANCE GLOBAL ENERGY SERVICES (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
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Designated hedged items as at March 31, 2022

	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Line item in the statement of profit or loss and other comprehensive income which the fair value changes on the hedged item is included
	Assets	Liabilities	Assets	Liabilities		
Fair value hedge						
Commodity Price risk • Firm commitment	30,139,086	-	30,139,086	-	Risk component asset designated as hedged item	Cost of sales (same as hedging instruments)

The Company did not adopt hedge accounting for the year ended March 31, 2021.

9 OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	US$	US$
Current:		
Cash margin with brokers	181,461,641	22,095,106
Demurrage receivables	7,282,988	9,760,835
Others	543,724	107,882
	189,288,353	31,963,823
Non-current:		
Deposits	105,026	107,986
	189,393,379	32,071,809

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10 INVENTORIES

	2022	2021
	US$	US$
Inventories, at fair value	310,585,422	217,576,734

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 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, 2022 and March 31, 2021.

11 PLANT AND EQUIPMENT

	Fixtures and fittings	Computer equipment	Office equipment	Total
	US$	US$	US$	US$
Cost:				
At April 1, 2020	210,113	375,146	97,935	683,194
Additions	-	29,637	-	29,637
At March 31, 2021 and March 31, 2022	210,113	404,783	97,935	712,831
Accumulated depreciation:				
At April 1, 2020	188,458	337,108	61,297	586,863
Depreciation for the year	3,898	29,235	6,594	39,727
At March 31, 2021	192,356	366,343	67,891	626,590
Depreciation for the year	3,196	16,364	5,408	24,968
At March 31, 2022	195,552	382,707	73,299	651,558
Carrying amount:				
At March 31, 2021	17,758	38,440	30,043	86,241
At March 31, 2022	14,561	22,076	24,636	61,273

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NOTES TO FINANCIAL STATEMENTS
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12 RIGHT TO USE ASSETS

The company has leasehold storage tanks for petroleum products (lease term 2 years) and office building (lease term 3 years) in Singapore.

	Leasehold storage tanks	Leasehold office building	Total
	US$	US$	US$
Cost:			
At April 1, 2020	24,232,429	799,634	25,032,063
Additions	-	-	-
At March 31, 2021	24,232,429	799,634	25,032,063
Additions	20,573,572	-	20,573,572
At March 31, 2022	44,806,001	799,634	45,605,635
Accumulated depreciation:			
At April 1, 2020	8,763,951	107,989	8,871,940
Depreciation for the year	9,769,565	425,836	10,195,401
At March 31, 2021	18,533,516	533,825	19,067,341
Depreciation for the year	9,985,074	108,670	10,093,744
At March 31, 2022	28,518,590	642,495	29,161,085
Carrying amount:			
At March 31, 2022	16,287,411	157,139	16,444,550
At March 31, 2021	5,698,913	265,809	5,964,722
Average remaining amortisation period (years) - March 31, 2022	1.6	0.6	-
Average remaining amortisation period (years) - March 31, 2021	0.6	1.6	-

13 TRADE AND OTHER PAYABLES

	2022	2021
	US$	US$
Trade payables due to outside parties	117,706,385	492,343,864
Trade payables due to immediate holding company (Note 5)	405,604,726	22,899,855
Trade payables due to related company (Note 5)	337,388	529,861
Advances received from customers	5,080,317	13,295,621
Other payables	2,192,159	1,482,831
Accruals	17,254,696	17,869,328
	548,175,671	548,421,360

The average credit period on purchases of oil is 30 days (2021 : 30 days). No interest is charged on the payment made within due date. Once payment is overdue, interest is payable on prevailing market rates.

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NOTES TO FINANCIAL STATEMENTS
March 31, 2022

14 LEASE LIABILITIES

	2022	2021
	US$	US$
Maturity analysis:		
Year 1	10,581,844	6,476,042
Year 2	6,078,228	171,345
	16,660,072	6,647,387
Less: Unamortised interest	(169,871)	(1,205,526)
	16,490,201	5,440,861
Analysed as:		
Current	10,450,562	5,287,099
Non-current	6,039,639	153,762
	16,490,201	5,440,861

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

	US$
As at April 1, 2020	15,981,938
Financing cash flow	(10,776,534)
Interest expense on lease liabilities	235,457
As at March 31, 2021	5,440,861
New lease liabilities	20,573,572
Financing cash flow	(9,666,395)
Interest expense on lease liabilities	142,163
As at March 31, 2022	16,490,201

15 SHORT TERM BORROWINGS

The short term borrowing in the prior year was 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. It was repaid during the year ended March 31, 2021.

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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.

	2022	2021
	US$	US$
Balance at beginning of the year	-	45,000,000
Borrowings during the year	-	-
Repayment during the year	-	(45,000,000)
Balance at the end of the year	-	-

16 SHARE CAPITAL

	2022	2021	2022	2021
	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.

17 REVENUE

	2022	2021
	US$	US$
Sale of goods	10,047,210,267	6,722,186,129
Service charges	649,400	383,407
	10,047,859,667	6,722,569,536

18 OTHER OPERATING EXPENSES

	2022	2021
	US$	US$
Legal and professional fees	631,203	392,711
Subscription fees	230,481	206,301
Net foreign exchange loss	1,091,265	211,731
Business promotion expenses	2,774,316	2,922,431
Amortisation of leased assets	10,093,744	10,195,401
Others	317,647	237,704
	15,138,656	14,166,279

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19 FINANCE COSTS

	2022	2021
	US$	US$
Interest expense	1,050,634	407,172
Finance/bank charges	846,157	568,706
	1,896,791	975,878

20 PROFIT FOR THE YEAR

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

	2022	2021
	US$	US$
Directors' remuneration	460,132	396,733
Staff costs	2,452,749	2,272,864
Cost of defined contribution plans included in staff cost	97,361	88,901
Cost of inventories recognised as expenses	10,014,654,839	6,673,590,020
Tank hire charges	4,676,366	5,039,726

21 INCOME TAX

	2022	2021
	US$	US$
Current tax expense	552,067	1,352,123
Under provision in prior years	17,984	11,435
Total	570,051	1,363,558

The income tax expense varied from the amount of tax expense determined by applying the Singapore tax rate of 17% (2021 : 17%) to profit before income tax as a result of the following differences:

	2022	2021
	US$	US$
Profit before income tax	10,379,179	27,462,512
Income tax expense at statutory rate of 17%	1,764,460	4,668,627
Effect of concessionary tax rate	(1,212,393)	(3,316,504)
Under provision of tax in prior years	17,984	11,435
Total income tax expense	570,051	1,363,558

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