

Reliance Holding USA, Inc.

Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF RELIANCE HOLDING USA INC.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RELIANCE HOLDING USA INC.** (hereinafter referred to as 'the Company') which comprises of the Balance Sheet as at 31st December, 2015, the Profit and Loss Statement, and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). 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 the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the standalone 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2015, and its loss and its cash flows for the year ended on that date.

We further report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
- (b) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained by the Company.

Other matters

The numbers for the corresponding year ended 31st December, 2015 included in the financial statements are unaudited.

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

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

Mumbai, dated: 31st March, 2016

Balance Sheet as at 31 December 2015

		As at 31st Dec, 2015	As at 31st Dec, 2014	<i>In USD</i>
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1	50,000	50,000	
Reserves and Surplus	2	(626,980,296)	97,861,616	
		(626,930,296)		97,911,616
Non-Current Liabilities				
Long Term Borrowings	3	5,005,560,558	2,975,604,377	
Other Non Current Liabilities	4	881,980,094	-	
		5,887,540,652		2,975,604,377
Current Liabilities				
Short Term Borrowings	5	580,000,000	1,780,000,000	
Trade Payables		5,311,305	5,303,905	
Other Current Liabilities	6	52,051,409	46,185,333	
		637,362,714		1,831,489,238
TOTAL		5,897,973,070	4,905,005,231	
ASSETS				
Non-Current Assets				
Fixed Assets:	7			
Tangible Assets		615,447	782,484	
Intangible Assets		817,766	1,315,246	
Capital Work-in-Progress		-	316,740	
Intangible Assets under Development		70,228	70,228	
Non-Current Investments	8	1,010,693,990	518,912,463	
Long Term Loans and Advances	9	4,878,991,950	4,335,991,950	
		5,891,189,381		4,857,389,111
Current Assets				
Cash and Bank balances	10	1,665,062	2,983,234	
Short-Term Loans and Advances	11	320,645	100,383	
Other Current Assets	12	4,797,982	44,532,503	
		6,783,689		47,616,120
TOTAL		5,897,973,070	4,905,005,231	
<i>Corporate information and significant Accounting Policies and Notes to the financial statements.</i>				
	1-22			

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: MUMBAI
Date: 31st March, 2016

For and on behalf of the Board

Director Director

Place: HOUSTON
Date: March 31, 2016

Profit and Loss Statement for the year ended 31 December 2015

	Note	2015	<i>In USD</i> 2014
INCOME:			
Other Income	13	255,518,254	248,235,429
Total Revenue		255,518,254	248,235,429
EXPENDITURE:			
Employee Benefits Expense	14	8,670,910	9,213,802
Finance Costs	15	184,692,327	178,679,412
Depreciation and Amortization Expense	16	662,962	655,423
Other Expenses	17	786,333,967	461,162,506
Total Expenses		980,360,166	649,711,143
(Loss) for the year		(724,841,912)	(401,475,714)
Earnings per share of face value of US\$ 0.10 each			
Basic and Diluted (in US\$')	18	(1,449.68)	(802.95)
<i>Corporate Information and Significant Accounting Policies and Notes to the financial statements</i>			
	1-22		

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: MUMBAI
Date: 31st March, 2016

For and on behalf of the Board

Director Director

Place: HOUSTON
Date: March 31, 2016

Cash Flow Statement for the year ended 31 December 2015

	2015	2014
	<i>In USD</i>	
A: CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) for the year as per Profit and Loss Statement	(724,841,912)	(401,475,714)
Adjusted for:		
Depreciation and amortisation expense	662,962	655,423
Provision for diminution in value of investments	774,577,884	445,016,175
Loss on discarding of assets	316,740	-
Loss on Sale of Omni Symmetry LLC	-	997,336
Unrealized Gain on Derivatives (Net)	(2,540,001)	(289,362)
Interest Income	(244,963,009)	(247,669,917)
Finance Costs	184,692,327	178,679,412
	<u>712,746,903</u>	<u>377,389,067</u>
Operating Loss before Working Capital Changes	(12,095,009)	(24,086,647)
Adjusted for:		
Short term loans and advances & other current assets	42,054,260	(1,688,958)
Trade Payables and current & non current liabilities	881,987,492	(189,495)
	<u>924,041,752</u>	<u>(1,878,453)</u>
Net cash from operating activities	911,946,743	(25,965,100)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,167)	(716,655)
Sale of fixed assets	2,722	-
Sale of investment	-	412,664
Interest Income	244,963,009	208,729,360
Investment in Subsidiaries (net)	(1,262,564,418)	(391,514,500)
Investment in Associates	(3,744,994)	(151,700)
Other investment	(50,000)	(948,630)
Loan to subsidiaries (net)	(543,000,000)	(19,650,000)
Net Cash (Used in) Investing Activities	(1,564,394,848)	(203,839,461)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings (net)	(1,200,000,000)	700,000,000
Proceeds from long term borrowings	2,030,000,000	(300,000,000)
Finance costs	(175,650,067)	(175,778,335)
Debt Issuance Costs	(3,220,000)	-
Net Cash Generated from Financing Activities	651,129,933	224,221,665
Net (Decrease) in Cash and Cash Equivalents	(1,318,172)	(5,582,896)
Opening Balance of Cash and Cash Equivalents	2,983,234	8,566,130
Closing Balance of Cash and Cash Equivalents	1,665,062	2,983,234

Corporate Information and Significant

Accounting Policies and

Notes to the financial statements

1-22

As per our report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Abhijit A. Damle

Partner

Membership No. 102912

Place: MUMBAI

Date: 31st March, 2016

For and on behalf of the Board

Director

Director

Place: HOUSTON

Date: March 31, 2016

Corporate Information and Significant Accounting Policies on Financial Statements for the year ended 31 December 2015

1. CORPORATE INFORMATION

Reliance Holding USA, Inc. (the “Company”, “Reliance”, “RHUSA”) was incorporated as a Delaware corporation on 30 March 2010, under Delaware General Corporation Law. The principal office of the Company is situated at 2000 W Sam Houston Parkway S, Houston, Texas 77042 in the United States of America.

The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses through its investments. The Company also has investments in other businesses, including telecommunications, biotechnology and renewable fuels.

The shares of the Company are wholly held by Reliance Energy Generation and Distribution Limited, a company incorporated in Mumbai, India. Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed company.

The extent of the Company’s shareholding in and the principal business activities of the subsidiaries and associates are as follows:

Company	Country of Incorporation	Percentage of Shareholding	Principal Business Activities
Reliance Marcellus LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream Holding LP (subsidiary of Reliance Eagleford Upstream LLC)	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100.00	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC	USA	100.00	Midstream business for oil and gas
Reliance Marcellus II LLC	USA	100.00	Exploration and production of oil and gas
Reliance USA Gas Marketing LLC	USA	100.00	Marketing of hydrocarbons
Reliance Marcellus Holding LLC	USA	100.00	Exploration and production of oil and gas
Affinity Names Inc.	USA	100.00	Domain names
Aurora Algae Inc (from 21st April,15)	USA	94.82	Biotechnology
Aurora Algae Pty ltd. (subsidiary of Aurora Algae Inc.)	Australia	94.82	Biotechnology
Aurora Algae RGV, LLC (subsidiary of Aurora Algae Inc.)	USA	94.82	Biotechnology
Algenol LLC	USA	30.95	Biotechnology
Matrix Genetics LLC	USA	30.63	R&D for renewable fuels
EFS Midstream LLC (associates of Reliance Eagleford Midstream LLC till 1st July, 2015)	USA	49.90	Midstream facility for Oil & Gas business

In August 2011, Reliance acquired 11.42% ownership in Aurora Algae Inc. (“Aurora”) for \$10 million, and increased its holding to 34.61% for \$15.2 million as of December 2012, and to 44.58% for \$25.9 million as of December 2013. Aurora is a development stage company that is focusing on the development of high-performance premium algae-based products for the pharmaceutical, nutrition, aquaculture, and fuels markets. The Company attained a majority holding and control of Aurora effective 21 April, 2015 with Aurora buying back some shares from its other shareholders resulting in increase in Company’s shareholding to 78.92%.

Subsequently, on 29 July 2015, the Company bought out two more minority shareholders for an aggregate of \$0.5 million resulting in further increase in Company’s holding to 94.70%. Aurora further exercised buyback of some more minority shareholders on 13 October 2015 which increased Company’s shareholding to 94.82%. Aurora has two wholly owned subsidiaries, namely, Aurora Algae Pty Ltd in Australia and Aurora Algae RGV, LLC in USA.

Corporate Information and Significant Accounting Policies on Financial Statements for the year ended 31 December 2015

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India (Indian GAAP) including Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements are prepared on accrual basis under the Historical cost convention.

The numbers for the corresponding year ended 31 December, 2015 included in the financial statements are unaudited.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/ materialized.

B. Revenue Recognition:

Revenue is recognized only when the risk and reward incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection.

Finance revenue is recognized as the interest accrues.

C. Borrowing Costs:

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

D. Fixed Assets and Depreciation/Amortization:

Tangible Assets and Intangible Assets:

Tangible Assets and Intangible Assets are initially recognized at cost where it is probable that they will generate future economic benefits. They are subsequently carried at cost less accumulated depreciation/amortization. Depreciation/Amortization is provided on straight line method (SLM) based on management estimated useful lives of the assets as under:

Particulars	Useful Life
Office Equipments	4 years
Furniture & Fixtures	15 years
Software	3-5 years

E. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognized in the financial statements and are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

Corporate Information and Significant Accounting Policies on Financial Statements for the year ended 31 December 2015

F. Employee Benefits:

The undiscounted amount of short term and long term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services. These benefits include performance incentive.

Defined contribution plans:

The Company's contribution under the 401 (k) plan is considered as defined contribution and is charged as an expense when services are rendered by the employees.

G. Income Taxes:

The Company on a standalone basis is not a taxpaying entity for federal or state income tax purposes, and, accordingly, it does not recognize any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Group.

H. Derivative Instruments:

The Company avails commodity derivatives for trading purposes.

Since the derivative instruments are not designated as hedges, the Company accounts for changes in fair value of open derivative instruments through the Profit and Loss Statement. The fair values are based on market quotes of oil and gas commodities published by the New York Mercantile Exchange (NYMEX).

Realized gains/(losses) on transactions settled during the year are recognized in the Profit and Loss Statement.

I. Leases:

Operating Lease rentals are expensed on a straight line basis with reference to the lease terms and other considerations.

J. Investments:

Current Investments are carried at lower of cost and quoted/fair value computed category wise. Non-current investments are stated at cost. Provision for diminution in the value of non-current investments is made only if such a decline is other than temporary.

K. Impairment:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of net selling price and value in use.

An impairment loss is charged to Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Notes on Financial Statements for the year ended 31 December 2015

1. SHARE CAPITAL

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
Authorised:		
500,000 Shares of USD 0.10 each	50,000	50,000
TOTAL	50,000	50,000
Issued, Subscribed and Paid up		
500,000 Shares of USD 0.10 each fully paid up	50,000	50,000
TOTAL	50,000	50,000

1.1 Details of shareholders holding more than 5% shares :

Name of the Shareholder	As at 31st Dec, 2015		As at 31st Dec, 2014	
	No of shares	% held	No of shares	% held
Reliance Energy Generation and Distribution Limited	500,000	100	500,000	100

2. RESERVES AND SURPLUS

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
a) Additional Paid in Capital		
As per last Balance Sheet	654,000,000	654,000,000
b) Profit and Loss Account		
As per last Balance Sheet	(556,138,384)	(155,628,345)
Add : Profit / (Loss) for the year	(724,841,912)	(401,475,714)
Add : Accumulated loss on Omni Symmetry LLC reversed on disposal	-	965,675
	(1,280,980,296)	(556,138,384)
TOTAL	(626,980,296)	97,861,616

3. LONG TERM BORROWINGS

(Refer note 3.3)

	<i>In USD</i>	
	As at 31st Dec, 2015	As at 31st Dec, 2014
Unsecured		
Bonds (refer Note 3.1)	2,978,640,839	2,975,604,377
Term Loans from Banks (refer Notes 3.2)	2,026,919,719	-
	5,005,560,558	2,975,604,377
TOTAL	5,005,560,558	2,975,604,377

Notes on Financial Statements for the year ended 31 December 2015

3.1 On 19 October 2010, Reliance issued \$1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the 2020 Notes) and \$500 million of 6.25% Guaranteed Senior Notes due 2040. Further, on 14 February 2012 and 28 February 2012, Reliance issued \$1,000 million and \$500 million, respectively, of 5.40% Guaranteed Senior Notes due 2022 (2022 Notes, collectively with the 2020 Notes and 2040 Notes, the Bonds). The Bonds are guaranteed on an unsecured basis by Reliance Industries Limited, India. Unless previously repurchased, canceled or redeemed, the 2020 Notes and the 2040 Notes will mature on 19 October 2020 and 19 October 2040, respectively and 2022 Notes will mature on 14th February, 2022 and 28th February, 2022. The Bonds are unsecured and unsubordinated obligations of Reliance, rank pari-passu with all of its other existing and future unsubordinated obligations, and are effectively subordinated to secured obligations of the guarantor and the obligations of its subsidiaries. Reliance has the option to redeem all or a portion of each series of the Notes at any time. The Notes are traded on the Singapore Exchange.

At 31 December 2015, the gross unpaid principal balance and accrued interest on the Bonds were \$3,000 million and \$46.18 million, respectively. At 31 December 2014, the gross unpaid principal balance and accrued interest on the Bonds were \$3,000 million and \$46.18 million, respectively.

3.2 As at 31 December 2015, the Company has outstanding unsecured long term loan facilities from several financial institutions with aggregate borrowing of \$2,030 million (Nil as of 31 December 2014). The effective interest rates during the year varied between 1.47% and 1.91%. The maturity of these facilities range from the last calendar quarter of 2017 to the second calendar quarter of 2018.

3.3 The costs related to raising of the debt together with discount on issuance is amortized over the tenure of the debt. The unamortized portion of \$ 24 million as at 31 December 2015 and \$34 million as at 31 December 2014 has been netted off against the carrying values of related borrowings.

4. OTHER NON CURRENT LIABILITIES

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Payable to a subsidiary (refer note 19)	881,980,094	-
TOTAL	881,980,094	-

5. SHORT TERM BORROWINGS (Unsecured)

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Other Loans and Advances		
Term Loan from banks	580,000,000	1,780,000,000
TOTAL	580,000,000	1,780,000,000

6. OTHER CURRENT LIABILITIES

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Interest accrued but not due on borrowings	46,756,192	46,183,266
Guarantee commission payable (refer note 19)	5,293,150	-
Other payable (refer note 19)	2,067	2,067
TOTAL	52,051,409	46,185,333

Notes on Financial Statements for the year ended 31 December 2015

8. NON-CURRENT INVESTMENTS (Long Term Investments)

In USD

Investment in Associates

In Shares- Unquoted, fully paid up / Members Capital

No. of Shares	Particulars	As at 31st December, 2015	As at 31st December, 2014
16,040,769	Algenol LLC	103,404,196	99,659,201
(5,154,872)	Less: Provision for diminution	60,657,626	48,678,626
		42,746,570	50,980,575
5,249,344	Matrix Genetics LLC	3,000,000	3,000,000
(5,249,344)	Less: Provision for diminution	1,273,000	959,000
		1,727,000	2,041,000
(63,142,865)	Aurora Algae Inc.# Less: Provision for diminution	- -	63,294,565 63,294,565
		-	-
	Total Investments in Associates	44,473,570	53,021,575

Investment in subsidiaries

Members Contribution/ Equity Shares

No. of Shares	Particulars	As at 31st December, 2015	As at 31st December, 2014
-	Reliance Marcellus LLC	1,413,246,000	351,046,000
	Less: Provision for diminution	801,438,203	233,506,237
		611,807,797	117,539,763
-	Reliance Marcellus II LLC	525,605,000	325,605,000
	Less: Provision for diminution	463,190,397	268,685,779
		62,414,603	56,919,221
75,763,427	Aurora Algae Inc.# Less: Provision for diminution	63,798,681 63,294,565	- -
		504,116	-
-	Reliance Eagleford Midstream LLC	46,800,000	46,800,000
-	Reliance Eagleford Upstream LLC	228,407,150	228,395,150
-	Reliance Eagleford Upstream GP LLC	36,800	36,800
-	Reliance USA Gas Marketing LLC	4,100	4,100
-	Affinity Names Inc	246,474	246,474
	Total Investments in Subsidiaries	950,221,040	449,941,508

refer corporate information

Investment in others

In Shares- Unquoted, fully paid up / Notes

No. of Shares	Particulars	As at 31st December, 2015	As at 31st December, 2014
-	Ecorithm Inc	590,959	540,959
4,454,799	Terra Power LLC	15,408,421	15,408,421
(4,454,799)			
	Total Investments in Others	15,999,380	15,949,380
	Total Non-Current Investments	1,010,693,990	518,912,463

Figures in brackets are for the previous year

Notes on Financial Statements for the year ended 31 December 2015

9. LONG-TERM LOANS AND ADVANCES

(Unsecured and Considered Good)

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Loans to subsidiaries (refer note 19)	4,878,841,950	4,335,841,950
Advance income tax	150,000	150,000
TOTAL	4,878,991,950	4,335,991,950

10. CASH AND BANK BALANCES

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Balance with banks	1,665,062	2,983,234
TOTAL	1,665,062	2,983,234

11. SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good)

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Deposits	28,165	7,165
Others#	292,480	93,218
TOTAL	320,645	100,383

Others include prepaid insurance and advances to employees/others

12. OTHER CURRENT ASSETS

	As at 31st Dec, 2015	<i>In USD</i> As at 31st Dec, 2014
Commodity derivative asset	2,867,304	327,303
Interest receivable from subsidiaries (refer note 19)	121,406	39,343,871
Receivable from subsidiaries (refer note 19)	1,228,947	4,295,410
Other receivables	580,325	565,919
TOTAL	4,797,982	44,532,503

Notes on Financial Statements for the year ended 31 December 2015

13. OTHER INCOMES

	2015	2014
	<i>In USD</i>	
Interest:		
From subsidiaries (refer note 19)	244,837,453	247,543,242
From long term investments	50,000	126,438
From others	75,556	237
	244,963,009	247,669,917
Gain on derivatives (net)	10,555,245	565,512
TOTAL	255,518,254	248,235,429

14. EMPLOYEE BENEFITS EXPENSE (NET)

	2015	2014
	<i>In USD</i>	
Salaries and wages	7,779,207	8,323,654
Contribution to defined contribution scheme	846,703	859,148
Staff welfare expenses	45,000	31,000
TOTAL	8,670,910	9,213,802

15. FINANCE COSTS

	2015	2014
	<i>In USD</i>	
Interest expenses	179,652,513	175,136,363
Other borrowing costs (net)	5,039,814	3,543,049
TOTAL	184,692,327	178,679,412

16. DEPRECIATION AND AMORTISATION EXPENSE

	2015	2014
	<i>In USD</i>	
Depreciation on fixed assets	165,482	173,104
Amortisation of intangible assets	497,480	482,319
TOTAL	662,962	655,423

Notes on Financial Statements for the year ended 31 December 2015

17. OTHER EXPENSES (NET)

	2015	<i>In USD</i> 2014
Legal and Professional fees	1,626,590	2,816,062
General expenses	6,454,768	8,861,555
Operating lease rentals (refer note 21)	832,047	1,563,077
Travelling and conveyance	1,543,518	1,480,562
Marketing and other expenses	10,850	23,113
Payment to auditors - audit fees#	819,870	556,326
Provision for diminution in value of investments	774,729,584	444,864,475
Loss on sale of Omni Symmetry LLC	-	997,336
Loss on discarding of assets	316,740	-
TOTAL	786,333,967	461,162,506

2015 expense includes USD 209,870 paid to the erstwhile auditors.

18. EARNING PER SHARE(EPS)

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

	2015	2014
i) (Loss) as per Profit and Loss Statement attributable to shareholders (\$)	(724,841,912)	(401,475,714)
ii) Weighted average number of shares used as denominator for calculating EPS	500,000	500,000
iii) Basic and Diluted Earnings per share (\$)	(1,449.68)	(802.95)
iv) Face value per share (\$)	0.10	0.10

Notes on Financial Statements for the year ended 31 December 2015

19. RELATED-PARTY DISCLOSURES

(i) List of related parties where control exists and related parties where transactions have taken place:

Name of the related party	Relationship
Reliance Energy Generation & Distribution Limited	Holding company (control exists)
Reliance Industries Limited	Ultimate holding company (control exists)
Reliance Eagleford Upstream LLC	Subsidiary (control exists)
Reliance Eagleford Upstream GP LLC	Subsidiary (control exists)
Reliance Eagleford Upstream Holding LP	Subsidiary (control exists)
Reliance Eagleford Midstream LLC	Subsidiary (control exists)
Reliance Marcellus LLC	Subsidiary (control exists)
Reliance Marcellus II LLC	Subsidiary (control exists)
Reliance USA Gas Marketing LLC	Subsidiary (control exists)
Reliance Marcellus Holding LLC	Subsidiary (control exists)
Affinity Names Inc.	Subsidiary (control exists)
RIL USA Inc.	Fellow subsidiary
Reliance Jio Infocomm USA Inc.	Fellow subsidiary
EFS Midstream LLC (till 01 July, 2015)	Associate
Matrix Genetics LLC	Associate
Algenol LLC	Associate
Aurora Algae Inc. (Subsidiary w.e.f 21 April, 2015)	Associate / Subsidiary
Walter Van de Vijver, CEO	Key management person
Thakur Sharma, Director	Key management person
Gopal Krishnan, CFO	Key management person
Kelly Cope, General Counsel (till 18 December, 2015)	Key management person

(ii) Related-Party Transactions

Name of the related party	Balances as at year end	As at 31 December	
		2015	2014
		(In USD)	
Reliance Industries Limited	Guarantee given by	3,000,000,000	3,000,000,000
Reliance Industries Limited	Guarantee Commission Payable	5,293,150	-
RIL USA Inc.	Rent receivable	48,730	47,726
Reliance Marcellus II LLC	Standby Letter of Credit given to	282,663	282,663
Reliance Eagleford Upstream Holding LP	Standby Letter of Credit given to	30,000,000	-
Reliance Eagleford Midstream LLC	Loan to Subsidiary	-	128,650,000
Reliance Marcellus LLC	Loan to Subsidiary	1,939,109,700	2,039,359,700
Reliance Eagleford Upstream LLC	Loan to Subsidiary	2,644,682,250	1,817,182,250
Reliance Marcellus II LLC	Loan to Subsidiary	295,050,000	350,650,000
Reliance Eagleford Upstream Holding LP	Other Receivable	573,661	2,746,262
Reliance Marcellus LLC	Other Receivable	417,314	1,030,980
Reliance Marcellus II LLC	Other Receivable	237,972	433,190
Reliance Eagleford Midstream LLC	Other Receivable	-	84,977
Reliance USA Gas Marketing LLC	Other Payable - Current	2,067	2,067
Reliance Eagleford Midstream LLC	Other Payable - Non Current	881,980,094	-
Reliance Marcellus II LLC	Interest Receivable	13,697	2,688,995
Reliance Eagleford Midstream LLC	Interest Receivable	-	594,023
Reliance Marcellus LLC	Interest Receivable	57,964	9,802,381
Reliance Eagleford Upstream LLC	Interest Receivable	49,745	26,258,472
Key Management persons	Remuneration and benefits payable	1,239,166	1,413,718

Notes on Financial Statements for the year ended 31 December 2015

Name of the related party	Nature of Transactions	Years ended 31 December	
		2015	2014
		(In USD)	
Reliance Industries Limited	PCG commission	21,698,497	23,700,000
Reliance Industries Limited	Corporate office support	1,150,180	1,069,198
Reliance Industries Limited	Transfer of NY office assets	-	579,771
Reliance Eagleford Upstream Holding LP	Recovery of guarantee commission	10,798,788	11,526,750
Reliance Eagleford Midstream LLC	Recovery of guarantee commission	484,742	1,181,519
Reliance Marcellus LLC	Recovery of guarantee commission	6,846,208	6,739,962
Reliance Marcellus II LLC	Recovery of guarantee commission	1,819,137	3,782,125
Reliance Eagleford Upstream Holding LP	Recovery of employee benefit expenses	2,790,123	3,095,765
Reliance Marcellus LLC	Recovery of employee benefit expenses	2,174,081	2,219,543
Reliance Marcellus II LLC	Recovery of employee benefit expenses	572,367	706,290
Reliance Eagleford Upstream LLC	Interest income	103,592,350	105,907,175
Reliance Eagleford Midstream LLC	Interest income	3,668,917	8,244,108
Reliance Marcellus LLC	Interest income	119,111,684	101,781,387
Reliance Marcellus II LLC	Interest income	18,464,502	31,610,572
RIL USA Inc.	Rent income	243,106	242,949
Aurora Algae Inc.	R&D expense	-	1,685,052
Matrix Genetics LLC	R&D expense	4,192,535	3,928,581
Reliance Eagleford Upstream Holding LP	Recovery of other expenses	443,409	671,534
Reliance Marcellus LLC	Recovery of other expenses	426,657	453,968
Reliance Marcellus II LLC	Recovery of other expenses	272,569	228,164
Reliance Eagleford Midstream LLC	Recovery of other expenses	15,161,658	31,708
Reliance Eagleford Midstream LLC	Interest free advance received	1,025,163,496	-
Reliance Jio Infocomm USA Inc	Omni Symmetry LLC sale proceeds	-	412,664
Algenol LLC	Purchase of investment	3,744,995	-
Aurora Algae Inc.	Investment	504,116	63,294,565
Reliance Marcellus LLC	Member Contribution	1,062,200,000	166,500,000
Reliance Marcellus II LLC	Member Contribution	200,000,000	225,605,000
Reliance Eagleford Upstream LLC	Member Contribution	12,000	12,500
Key management persons	Remuneration and benefits	3,722,511	3,856,443

Notes on Financial Statements for the year ended 31 December 2015

20. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>In USD</i>	
	<u>As at 31 December</u>	
	2015	2014
Contingent liabilities—guarantees—standby letter of credit (other than those provided as security towards capital commitment)	30,000,000	-

21. LEASES

The Group has taken premises on non-cancellable operating lease basis with varying tenor upto 30 June, 2018. The future minimum rentals are as follows:

	<i>In USD</i>	
	<u>As at 31 December</u>	
	2015	2014
Due within one year	1,509,000	679,000
Later than one year and not later than five years	1,276,000	1,878,000

Lease payment recognized in the Profit and Loss statement in connection with the above for the year 2015 and 2014 are USD 832,047 and USD 1,563,077 respectively.

22. SEGMENT REPORTING

The company is engaged in the business of exploration and production of natural resources primarily oil and gas from mineral properties and related businesses through its investments in United States of America. Consequently, there is a single business and geographical segment.