RELIANCE INDUSTRIES (MIDDLE EAST) DMCC

Financial Statements

For the year ended 31st December, 2020

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Industries (Middle East) DMCC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Reliance Industries (Middle East) DMCC ("the Company") which comprise the statement of financial position as at 31 December 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 3 of the financial statements, which describes that the financial statements have been prepared on a going concern basis as the shareholder has committed to providing financial support to the Company to enable it to meet its financial obligations when they fall due. Our opinion is not modified in respect of this matter.

Other Matter

These financial statements of Reliance Industries (Middle East) DMCC have been prepared to comply with the requirements of Section 136 of the Indian Companies Act, 2013. As a result the financial statements may not be suitable for another purpose. Our report is intended solely for management, the Company and Reliance Industries Limited ("the Parent Company") and should not be distributed to or used by parties other than management, the Company and the Parent Company.

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Industries (Middle East) DMCC (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Industries (Middle East) DMCC (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance 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.

Deloitte & Touche (M.E.)

Signed by:
Rama Padmanabha Acharya
29 April 2021
Abu Dhabi
United Arab Emirates

Statement of financial position
as at 31 December 2020

	Notes	2020 USD	2019 USD
ASSETS			
Non-current assets			
Property and equipment	5	**57,736**	83,092
Investments in subsidiaries	6	**396,937,060**	396,937,060
Investment at fair value through other comprehensive income		**250,000**	-
Total non-current assets		**397,244,796**	397,020,152
Current assets			
Trade and other receivables	7	**53,409,572**	47,149,891
Due from related parties	12	**1,219,160**	8,190,923
Cash and bank balances	8	**8,324,465**	5,659,857
Total current assets		**62,953,197**	61,000,671
Total assets		**460,197,993**	458,020,823
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**28,773,369**	11,535,326
Preference share capital	9	**149,856,004**	167,094,047
Accumulated losses		**(17,624,107)**	(14,319,552)
Net equity		**161,005,266**	164,309,821
Non-current liability			
Provision for employees' end of service benefit	10	**822,296**	867,875
Current liabilities			
Trade and other payables	11	**57,136,978**	51,609,674
Loan from a related party	12	**241,233,453**	241,233,453
Total current liabilities		**298,370,431**	292,843,127
Total liabilities		**299,192,727**	293,711,002
Total equity and liabilities		**460,197,993**	458,020,823

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2021 and were signed on their behalf by:

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Dipankar Dhruba Sen
Director

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2020

	Notes	2020 USD	2019 USD
Revenue	**13**	**156,295,741**	666,700,941
Cost of sales	**14**	**(150,909,314)**	(662,936,034)
Gross profit		**5,386,427**	3,764,907
General and administrative expenses	**15**	**(9,364,280)**	(9,994,001)
Dividend income	**12**	**-**	7,000,000
Exchange loss, net		**(32,203)**	(21,226)
Other income		**506,917**	230,931
Finance cost	**16**	**(65,367)**	(63,428)
Finance income		**263,951**	112,449
(Loss)/profit for the year	**18**	**(3,304,555)**	1,029,632
Other comprehensive income		**-**	-
Total comprehensive (loss)/ profit for the year		**(3,304,555)**	1,029,632

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2020

	Share capital USD	Preference share capital USD	Accumulated losses USD	Net equity USD
Balance at 1 January 2019	11,535,326	167,094,047	(15,349,184)	163,280,189
Total comprehensive profit for the year	-	-	1,029,632	1,029,632
Balance at 1 January 2020	11,535,326	167,094,047	(14,319,552)	164,309,821
Conversion of preference shares to shares capital (note 9)	17,238,043	(17,238,043)	-	-
Total comprehensive loss for the year	-	-	(3,304,555)	(3,304,555)
Balance at 31 December 2020	**28,773,369**	**149,856,004**	**(17,624,107)**	**161,005,266**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2020

	2020 USD	2019 USD
Cash flows from operating activities		
(Loss)/profit for the year	**(3,304,555)**	1,029,632
Adjustments for:		
Depreciation of property and equipment	**33,253**	55,030
Provision for employees' end of service benefit	**67,929**	106,434
Finance cost	**65,367**	63,428
Finance income	**(263,951)**	(112,449)
Dividend income	**-**	(7,000,000)
Operating cash flows before movements in working capital	**(3,401,957)**	(5,857,925)
Change in trade and other receivables	**(5,995,730)**	158,958,221
Change in due from related parties	**(28,237)**	(957,835)
Change in trade and other payables	**5,527,304**	(160,110,388)
Cash used in operating activities	**(3,898,620)**	(7,967,927)
Finance costs paid	**(65,367)**	(63,428)
Payments for employees' end of service benefit	**(113,508)**	-
Net cash used in operating activities	**(4,077,495)**	(8,031,355)
Cash flows from investing activities		
Payments for property and equipment	**(7,897)**	(51,436)
Investment at fair value through other comprehensive income	**(250,000)**	-
Dividend received	**7,000,000**	-
Net cash generated from/ (used in) investing activities	**6,742,103**	(51,436)
Net increase/(decrease) in cash and cash equivalents	**2,664,608**	(8,082,791)
Cash and cash equivalents at beginning of the year	**5,659,857**	13,742,648
Cash and cash equivalents at the end of the year (note 8)	**8,324,465**	5,659,857
Non-cash items:		
Conversion of preference shares to shares capital (note 9)	17,238,043	-

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2020

1 Legal status and principal activities

Reliance Industries (Middle East) DMCC ("the Company") is a limited liability company incorporated on 2 May 2005 and registered with Dubai Multi Commodities Centre (DMCC) under the DMCC Company Regulations No. 1/03. The Company is a wholly owned subsidiary of Reliance Industries Limited ("the Parent Company" or "RIL"), a company incorporated in India.

The Company's registered office is located at Unit No. 1801, Jumeirah Business Centre 3, Plot No. Y1, Jumeirah Lakes Towers, Dubai, United Arab Emirates (UAE).

The principal activities of the Company are trading of crude oil, petroleum and petrochemical product and refined oil products, bunkering and charter services.

The Company has registered its establishment in the United Kingdom under UK Establishment License No. BR019189. These financial statements include operations of the establishment for the year.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRS adopted in the financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this financial statements. The application of these revised IFRSs have not had any material impact on the amounts reported for the current and prior periods.

- Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, '*Presentation of financial statements*', and IAS 8, '*Accounting policies, changes in accounting estimates and errors*', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS adopted in the financial information (continued)

- Amendments to IFRS 16, provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

- Amendments to Conceptual framework - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17, *Insurance Contracts* - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, *Insurance Contracts*. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

The standard applies to annual periods beginning on or after 1 January 2021, with earlier application permitted if IFRS 15, *Revenue from Contracts with Customers* and IFRS 9, *Financial Instruments* are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1, *Presentation of Financial Statements* on classification of liabilities - These narrow-scope amendments to IAS 1, *Presentation of Financial Statements*, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2023
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard	
Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	
Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	
Annual Improvements to IFRSs 2018-2020 Cycle Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022

The Company is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies

3.1 Statement of compliance

These financial statements represent only the financial position and results of the Company. The financial statements have been prepared in accordance to IFRSs.

3 Summary of significant accounting policies (continued)

3.2 Basis of preparation

The Company has accumulated losses amounting to USD 17,624,107 and its current liabilities exceeded its current assets by USD 235,417,234 at 31 December 2020. The financial statements have been prepared on a going concern basis as the shareholder has undertaken to support the Company. In the event that this support is withdrawn, the going concern basis would be invalid and adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Furthermore, these are the separate financial statements of Reliance Industries (Middle East) DMCC which have been prepared to comply with the requirements of Section 136 of the Indian Companies Act, 2013.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

3.3 Revenue recognition

The Company recognise revenue from the following sources:

- trading of crude oil, petroleum and petrochemical product and refined oil products;
- bunkering and charter services; and
- dividend/interest earned.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of a product or service to a customer.

3.3.1 Trading of crude oil, petroleum and petrochemical product and refined oil products

For trading of crude oil, petroleum and petrochemical product and refined oil products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company when the goods are delivered to the Customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.3 Revenue recognition (continued)

3.3.2 Bunkering and charter services.

Bunkering and charter services are recognised as a performance obligation is satisfied over time. Revenue is recognised for these bunkering and charter services based on the stage of completion of the contract period for each vessel.

3.3.3 Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

3.3.4 Interest income

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

3.3.5 Other income

Other income generated outside the Company's normal business operation is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

3.4 **Leases**

The Company as lessee

The Company assesses whether 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 its incremental borrowing rate.

Lease payments included in the measurement of the lease liability which comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line item 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 effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3 Summary of significant accounting policies (continued)

3.4 Leases (continued)

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 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 revise discount rate is used).

- 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.

The Company has made adjustments as disclosed in note 2.1.

The 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 of 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.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Property, plant and equipment’ policy.

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 ‘General and administrative expenses’ in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Leasehold improvements	4
Computer and office equipment	4
Furniture and fixtures	4
Motor vehicles	4

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful life is 4 years.

3 Summary of significant accounting policies (continued)

3.7 Investments in subsidiaries

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

Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Investments in subsidiaries is carried in the Company's financial statements initially at cost and subsequently measured at the end of each reporting period at cost less any accumulated impairment loss.

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

3.8 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 Summary of significant accounting policies (continued)

3.9 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 statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Employee benefits

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

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

3.11 Foreign currencies

For the purpose of these financial statements, US Dollars (USD) is the functional and presentation currency of the Company.

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in which they arise.

3 Summary of significant accounting policies (continued)

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.13 Financial instruments

Financial assets and financial liabilities are recognised in 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 fair 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.

The Company has the following financial assets: Cash and bank balances, due from a related party, and trade and other receivables. These financial assets are classified as ‘loans and receivables’. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets 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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Classification of financial assets (continued)

(i) Debt instruments designated at amortised cost (continued)

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

(ii) Amortised cost and effective interest method

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.

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. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all revenue and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and balances with banks in current accounts or deposits which mature within three months of the date of placement.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. 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 always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Impairment of financial assets (continued)

(i) 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 at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

• an actual or expected significant deterioration in the operating results of the debtor;

• significant increases in credit risk on other financial instruments of the same debtor;

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, 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:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) 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.

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

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.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor; or

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) 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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

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, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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.

3.14 Financial liabilities and equity instruments

3.14.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.14.3 Financial liabilities

Trade and other payables and loan from a related party are classified as 'other financial liabilities' and 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 payables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.14.4 Derecognition of financial liabilities

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

3.15 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and the Company intends to settle on a net basis.

4 Critical accounting judgments and key sources of uncertainty

4.1 Critical judgments in applying accounting policies

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, 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.

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

4.1.1 Revenue recognition

In determining whether the Company is acting as a principal or as an agent with its customer, a related party, management considered the detailed criteria for the recognition of revenue in accordance with IFRS 15 *Revenue from contracts with customers.* This require an assessment of whether the Company has exposure to the significant risks and rewards associated with the sale of goods. After an assessment of the relevant factors, management and the directors of the Company have concluded that the arrangement with customer exposes the Company to the significant risks and rewards associated with the sale of goods and the recognition of the revenue in accordance with the Company's role as a principal rather than agent is appropriate and in accordance to IFRS 15 *Revenue from contracts with customers.*

4.1.3 Classification of preference shares

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

4 Critical accounting judgments and key sources of uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

4.1.6 Classification of a loan received from a related party

In the process of classifying loan received from related party, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its component parts, on initial recognition is classified as a financial liability or as an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in IAS 32 Financial Instruments: Presentation. Management and the directors of the Company have concluded that the classification of the loan received as financial liability in the financial statements as there is a contractual obligation to deliver cash.

4.1.7 Impacts of COVID 19:

During the year ended 31 December 2020, macro-economic uncertainty has arisen with regards to gross domestic product, inflation and the world crude oil prices, (along with the large associated volatility in commodity markets) caused by the COVID-19 outbreak. Management has assessed the outbreak impact on the Company's cash flows, with no material impact. Further, the impact of this outbreak on the macroeconomic forecasts has been incorporated into the Company's IFRS 9 estimates of expected credit loss allowances. The management will continue to monitor the situation and make the necessary judgment and estimates as may be required.

4.2 Key sources of estimation uncertainty

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

4.2.1 Impairment of investments in subsidiaries

The Company asses, at each reporting date, whether there is any indication that investments in subsidiaries is impaired. If any such indication exists, the Company estimates the recoverable amount of investment. An investment's recoverable amount is the higher of an investment's fair value less cost to sell and its value in use and is determined for an individual investment if the investment generates cash inflows that are largely independent. Whether the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects

4 Critical accounting judgments and key sources of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.1 Impairment of investments in subsidiaries (continued)

current market assessments of the time value of money and the risks specific to the investment. In determining the fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples like available fair value indicators.

The value in use calculation requires the Company to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate the present value. Significant judgments, estimates and associated assumptions are involved in determining the expected cash flows and discount rates. Management is satisfied that there are no indicators of objective evidence of impairment for its investments in subsidiaries as at 31 December 2020 and 2019.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

5 Property and equipment

	Leasehold improvements USD	Computer and office equipment USD	Furniture and fixtures USD	Motor vehicles USD	Total USD
Cost					
At 1 January 2019	143,142	249,009	192,874	147,136	732,161
Additions	-	2,095	-	49,341	51,436
Disposal	-	(196,915)	(190,314)	-	(387,229)
At 1 January 2020	143,142	54,189	2,560	196,477	396,368
Additions	-	7,897	-	-	7,897
At 31 December 2020	**143,142**	**62,086**	**2,560**	**196,477**	**404,265**
Accumulated depreciation					
At 1 January 2019	143,142	225,242	192,874	84,217	645,475
Charge for the year	-	25,862	-	29,168	55,030
Disposal	-	(196,915)	(190,314)	-	(387,229)
At 1 January 2020	143,142	54,189	2,560	113,385	313,276
Charge for the year	-	987	-	32,266	33,253
At 31 December 2020	**143,142**	**55,176**	**2,560**	**145,651**	**346,529**
Carrying amount					
At 31 December 2020	**-**	**6,910**	**-**	**50,826**	**57,736**
At 31 December 2019	-	-	-	83,092	83,092

6 Investments in subsidiaries

	2020 % Holding	2019 % Holding	2020 USD	2019 USD
R.P Chemicals (Malaysia) Sdn. Bhd. *(i)*	**100**	100	266,123,434	266,123,434
Recron (Malaysia) Sdn. Bhd. ("Recron") *(ii)*	**100**	100	130,813,626	130,813,626
			396,937,060	396,937,060

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Investments in subsidiaries (continued)

(i) R.P Chemicals (Malaysia) Sdn. Bhd. (“RPCM”)

RPCM is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal activities of RPCM are producing, marketing, selling of Purified Terephthalic Acid ("PTA"), trading of chemicals products and providing manufacturing services.

In 2016, the Company purchased 358,643,545 ordinary shares of Malaysian Ringgit (RM) 1 each and 79,800 class A redeemable preference shares RM 1 each of R.P Chemicals (Malaysia) Sdn. Bhd, amounting to USD 229,000,000.

During 2019, RP Chemicals (Malaysia) Sdn. Bhd. issued 417,500,000 class A redeemable preference shares RM 1 each amounting to USD 100,575,750, and converted cumulative preferential dividends from 2012 to 2017. Of the total value of USD 100,575,750, an amount of USD 37,123,434 was against the dividend receivable by the Company since its acquisition. The remaining USD 63,452,316 was issued against the dividend receivable by Reliance Global Holdings Pte Ltd, the preceding shareholder of RP Chemicals (Malaysia) Sdn. Bhd and a sister company. Reliance Global Holdings Pte Ltd, has waived its right, at nil consideration, to receive its share of class A redeemable preference shares and accordingly, the full amount of 417,500,000 class A redeemable preference shares has been issued to the Company.

(ii) Recron (Malaysia) Sdn. Bhd. (“Recron”)

Recron is a private limited liability company, incorporated and domiciled in Malaysia. The address of the registered office and principal place of business is at Suite 7.01 – 7.03, Level 7, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal activities of Recron are the manufacturing of polyester resin, fibre, yarn and fabric; undertaking of fabrics’ bleaching, dyeing, printing and finishing, providing engineering services; and sale and marketing activities on behalf of its ultimate holding company.

During the process of liquidation of Reliance Global Business BV (RGBBV), the liquidator distributed the shares in capital of Recron amounting to USD 30,813,626 (EUR 27,077,000).

In addition to the USD 30,813,626 described above, the Company provided Recron, a related party, an amount of USD 100,000,000 as share application money during the year 2017. On 29 January 2016, Recron allotted and issued to the Company 429,800,000 non-cumulative redeemable preference shares with par value of RM 1.00 per share towards the share application money. Based on the terms of the issuance of the preference shares, Recron has the right to redeem such shares at any time for a redemption price of RM 1.00 per share. Accordingly, the investment in these shares had been classified as investment in a subsidiary.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

7 Trade and other receivables

	2020	2019
	USD	USD
Trade receivable	**21,965,961**	20,094,769
Fixed deposit*	**21,745,206**	13,595,782
Advances	**9,288,548**	12,595,276
Accrued income (note 12.1)	**171,826**	642,317
Prepayments	**133,869**	133,777
Deposits	**30,163**	35,515
Other receivables	**73,999**	52,455
	53,409,572	47,149,891

*Fixed deposit amounting to USD 21,745,206 as at 31 December 2020 (2019: USD 13,595,782) with original maturity of 12 months, starting from 30 Dec 2020 earn an interest of 1% (2019 1%) per annum.

The Company measures the provision for impairment for trade receivables at an amount equal to lifetime ECL. The expected credit losses 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Before accepting any new customer, the Company assesses the potential credit quality of the customer. As at 31 December 2020, 100% (2019:100%) of trade receivable balances are due from one customer (2019: one) customer. Management considers these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Company.

The average credit period on sale of goods and render of services is 30 days. No interest is charged on trade receivables.

The Company's exposure to credit and currency risks and impairment losses related to trade receivables and other current assets is disclosed in note 19.

8 Cash and cash equivalent

	2020	2019
	USD	USD
Cash on hand	**6,209**	6,755
Banks balances	**8,318,256**	5,653,102
Cash and bank balances	**8,324,465**	5,659,857

Notes to the financial statements
for the year ended 31 December 2020 (continued)

9 Share capital/preference share capital

	2020 USD	2019 USD
Authorised, issued and fully paid up:		
105,886 ordinary shares of AED 1,000 each (2019: 42,450 shares of AED 1,000 each)	**28,773,369**	11,535,326
551,469 shares (2019: 614,905 shares), 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each	**149,856,004**	167,094,047

The 5% Non-cumulative compulsorily convertible preference shares will have to be converted into equity shares at any time during the first 5 years in the ratio of 1:1 and at any time after 5 years till 10 years in the same ratio of 1:1. Based on terms of issuance of preference shares, the Company will issue a fixed number of ordinary shares for each preference share. Accordingly, these preference shares have been classified as part of equity in the financial statements.

On 27 May 2019, the Board had resolved for the issue and allotment of 63,436 5% non-cumulative compulsory convertible preference shares of AED 1,000 each to Reliance Industries Limited amounting to USD 17,238,043. This has been approved by DMCC on 18 March 2020

10 Provision for employees' end of service benefit

Movements in the provision are as follows:

	2020 USD	2019 USD
At 1 January	**867,875**	761,441
Charge for the year	**67,929**	106,434
Payments	**(113,508)**	-
At 31 December	**822,296**	867,875

11 Trade and other payables

	2020 USD	2019 USD
Trade payables	**29,352,704**	32,741,504
Accruals	**19,398,314**	12,323,081
Advance from a related party (note 12)	**8,360,068**	6,531,823
Others	**25,892**	13,266
	57,136,978	51,609,674

12 Transactions and balances with related parties

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

12.1 Related party balances

Balances arising from transactions with related parties in the statement of financial position are as follows:

	2020 USD	2019 USD
Accrued income - Reliance Industries Limited (note 7)	**171,826**	642,317
Trade receivable from Reliance Industries Limited (note 7)	**21,965,961**	20,094,769
Advance from Reliance Industries Limited (note 11)	**8,360,068**	6,531,823
Due from related parties:		
Recron (Malaysia) Sdn. Bhd.	**-**	7,000,000
Reliance Exploration & Production DMCC	**1,145,692**	1,145,692
RIL Consultancy Services	**73,468**	45,231
	1,219,160	8,190,923
Loan from a related party:		
Reliance Exploration & Production DMCC *(i)*	**241,233,453**	241,233,453

(i) In 2017, the Company received a loan from Reliance Exploration and Production DMCC, amounting to USD 241,233,453, which was used for the redemption of preference shares from Reliance Industries Limited. The loan received is interest free and repayable on demand.

12.2 Related party transactions

The Company has entered into transactions with related parties, which were made on substantially the same terms as those prevailing at the same time for comparable transaction with third parties.

Significant transactions with related parties in the statement of comprehensive income are as follows:

	2020 USD	2019 USD
Sales of crude oil	**-**	254,050,885
Purchase of High Speed Diesel (HSD)	**-**	252,403,102
Ocean Freight*	**156,295,741**	160,246,954

Notes to the financial statements
for the year ended 31 December 2020 (continued)

12 Transactions and balances with related parties (continued)

	2020 USD	2019 USD
Purchase of High Speed Diesel (HSD)	**-**	252,323,926
Guarantee commission to a related party (note 16)	**65,255**	60,675
Dividend income from Recron (Malaysia) Sdn. Bhd	**-**	7,000,000
Rental Income from Reliance Exploration & Production DMCC	**-**	19,056
Expenses recovered from the Parent Company	**354,742**	177,100
Compensation to key management personnel	**409,099**	418,049
Corporate guarantee received from Parent Company	**20,000,000**	20,000,000

12.3 Other transactions with related parties

	2020 USD	2019 USD
Payments made to RIL USA, Inc.*	**-**	177,418,429
Conversion of preference shares (note 9)	**17,238,043**	-

*As per agreement between the Company and its supplier, certain amounts due to the supplier were assigned in favour of RIL USA, Inc., a related party. In turn, this assignment extinguished the liability of the Company towards the supplier.

12.4 Terms and conditions of transactions with related parties

Outstanding balances at the end of the reporting period are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Company has not recorded any impairment owed by related parties (2019: Nil). This assessment is undertaken each financial year through an examination of the financial position of the related party and the market in which the related party operates

Notes to the financial statements
for the year ended 31 December 2020 (continued)

13 Revenue

	2020 USD	2019 USD
Sale of		
- Crude oil	-	254,050,885
- High Speed Diesel (HSD)	-	252,403,102
Charter services	**156,295,741**	160,246,954
	156,295,741	666,700,941

14 Cost of sales

	2020 USD	2019 USD
Cost of		
- Crude oil and HSD	-	506,118,241
- Charter services	**150,909,314**	156,817,793
	150,909,314	662,936,034

15 General and administrative expenses

	2020 USD	2019 USD
Salaries and wages	**1,527,528**	1,264,376
Business promotion	**2,782,982**	2,457,960
Brokerage and commission	**250,000**	1,625,000
Rent	**246,808**	237,848
Depreciation	**33,253**	55,029
Others general and administrative expenses	**4,523,709**	4,353,788
	9,364,280	9,994,001

Notes to the financial statements
for the year ended 31 December 2020 (continued)

16 Finance costs

	2020 USD	2019 USD
Bank interest expense	**112**	2,753
Guarantee commission to a related party (note 12.2)	**65,255**	60,675
	65,367	63,428

17 Commitments and contingencies

	2020 USD	2019 USD
Bank guarantees	**20,000,000**	20,000,000

The above bank guarantees were issued in the normal course of business.

	2020 USD	2019 USD
Operating lease commitments:		
Within one year	**67,994,891**	67,989,901
After one year but not more than five years	**271,603,828**	271,708,719
More than five years	**411,432,000**	479,322,000
	751,030,719	819,020,620

The commitments relate to contracts that do not meet the definition of a lease as per IFRS 16 - "*Leases*".

Notes to the financial statements
for the year ended 31 December 2020 (continued)

18 (Loss)/profit for the year

(Loss)/profit for the year is after charging:

	2020 **USD**	2019 USD
Staff costs	**1,527,528**	1,264,376
Depreciation of property and equipment	**33,253**	55,030

19 Financial instruments

19.1 Capital management

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

The Company manages its capital to ensure to be able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Company's overall strategy remains unchanged from 2019.

19.2 Financial risk management objectives

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

19.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's trade receivables and other current assets (excluding advances and prepayments), due from related parties and bank balances.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

19 Financial instruments (continued)

19.2 Financial risk management objectives (continued)

19.2.1 Credit risk (continued)

The Company's exposure to credit risk is not considered to be significant since majority of the receivables are with a related party. At the end of the reporting period, trade receivables and other current assets (excluding advances and prepayments) and due from related parties are concentrated to related parties. The balances with banks are assessed to have low credit risk of default since the banks are among the major banks operating in the UAE and are highly regulated by the central bank. The following table shows the balances held with banks at the reporting date, based on Moody's rating:

	2020 USD	2019 USD
Bank rated		
A+	**2,406,452**	3,524,522
Baa2	**15,861**	60,262
A	**5,895,943**	2,068,318
Total cash at banks	**8,318,256**	5,653,102

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

	2020 USD	2019 USD
Due from related parties	**1,219,160**	8,190,923
Trade receivables and other current assets (excluding advances and prepayments)	**43,987,155**	34,420,838
Bank balances	**8,318,256**	5,653,102
	53,524,571	48,264,863

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

19.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

19 Financial instruments (continued)

19.2 Financial risk management objectives (continued)

19.2.2 Liquidity risk (continued)

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

The following are the contractual maturities including estimated payments of financial liabilities:

	Current Less than 1 year USD	**Non-current Greater than 1 year USD**
31 December 2020		
Trade and other payables (excluding advance from customer)	**48,776,910**	**-**
Loan from a related party	**241,233,453**	**-**
	290,010,363	**-**
31 December 2019		
Trade and other payables (excluding advance from customer)	45,077,851	-
Loan from a related party	241,233,453	-
	286,311,304	-

19.2.3 Currency risk

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

19.2.4 Interest rate risk

Interest rate risk is the risk that arises from timing difference in the maturity of Company's interest bearing assets and liabilities.

Interest rate on fixed term financial instruments (fixed deposit, due from related parties and loan from a related party) is fixed until maturity of the instrument. Since the interest rate is fixed, the Company is not exposed to any significant interest risk on financial assets.

19.3 Fair value measurements

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

Notes to the financial statements
for the year ended 31 December 2020 (continued)

20 Approval of financial statements

The financial statements were approved by management and authorised for issue on 29 April 2021