Reliance Industries (Middle East) DMCC

Independent Auditor's Report

To the Shareholder of
Reliance Industries (Middle East) DMCC
Dubai, U.A.E.

Report on the financial statements

We have audited the accompanying financial statements of Reliance Industries (Middle East) DMCC ("the Company") which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects, the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

We draw attention to the following;

1. As stated in note 3 to the financial statements, under 'Basis of preparation and restriction on distribution', the Company incurred a loss of USD 225,813 for the year ended 31 December 2015 (2014: USD 825,254). The financial statements have been prepared on a going concern basis and this depends on the continuing financial support of the shareholder. In the absence of such support, this 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.
2. As stated in note 3 to the financial statements, under 'Basis of preparation and restriction on distribution', which states that these financial statements have been prepared in accordance with management's requirements for the purpose of consolidation with the Parent Company, Reliance Industries Limited, and to present the Company's financial position as at 31 December 2015 and its financial performance and cash flows for the year then ended. As a result, these financial statements may not be suitable for another purpose. Our report is intended for the use of management and should not be distributed to or used by third parties.

Our opinion is not qualified in respect of the above matters.

7 April 2016

Statement of financial position as at 31 December 2015

	Notes	2015 USD	2014 USD
ASSETS			
Non-current assets			
Property and equipment	**5**	**251,413**	219,812
Investments in subsidiaries	**7**	**2,054,723**	2,054,723
Investment in non-cumulative redeemable preference shares	**15.1**	**100,000,000**	-
Fixed deposit under lien	**8**	-	2,189,089
Total non-current assets		**102,306,136**	4,463,624
Current assets			
Trade receivables and other current assets	**9**	**15,882,050**	21,250,038
Due from related parties	**15.1**	-	72,241,644
Cash and bank balances	**10**	**286,546**	2,542,003
Total current assets		**16,168,596**	96,033,685
Total assets		**118,474,732**	100,497,309
EQUITY AND LIABILITIES			
Equity			
Share capital	**11**	**11,535,326**	11,535,326
Preference share capital	**11**	**17,238,000**	17,238,000
Share application money	**11**	**100,000,000**	-
Accumulated losses		**(25,499,545)**	(25,273,732)
Net equity		**103,273,781**	3,499,594
Non-current liability			
Provision for employees' end of service benefit	**12**	**237,503**	159,766
Current liabilities			
Loan from a related party	**15.1**	-	70,000,000
Bank overdraft	**14**	**1,668,045**	-
Due to related parties	**15.1**	**166,499**	6,173,250
Trade and other payables	**13**	**13,128,904**	20,664,699
Total current liabilities		**14,963,448**	96,837,949
Total liabilities		**15,200,951**	96,997,715
Total equity and liabilities		**118,474,732**	100,497,309

These financial statements were approved and authorised for issue by the Board of Directors on 7 April 2016 and were signed on their behalf by:

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Dipankar Dhruba Sen
Director

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Sairam Vengatraman
Director

Statement of comprehensive income for the year ended 31 December 2015

	Notes	2015 USD	2014 USD
Revenue		**353,446,641**	286,230,158
Cost of sales		**(352,516,117)**	(286,082,951)
Gross profit		**930 524**	147,207
Other income	**16**	**1,039,249**	3,308,342
Amortisation of intangible assets	**6**	-	(416,795)
General and administrative expenses		**(1,221,149)**	(1,033,474)
Finance costs	**17**	**(974,437)**	(2,830,534)
Loss for the year	**19**	**(225,813)**	(825,254)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(225,813)**	(825,254)

Statement of changes in equity for the year ended 31 December 2015

	Share capital USD	Preference share capital USD	Share application money USD	Accumulated losses USD	Net equity USD
Balance at 1 January 2014	11,535,326	17,238,000	-	(24,448,478)	4,324,848
Total comprehensive loss for the year	-	-	-	(825,254)	(825,254)
Balance at 1 January 2015	11,535,326	17,238,000	-	(25,273,732)	3,499,594
Share application money received (note 15.2)	-	-	100,000,000	-	100,000,000
Total comprehensive loss for the year	-	-	-	(225,813)	(225,813)
Balance at 31 December 2015	**11,535,326**	**17,238,000**	**100,000,000**	**(25,499,545)**	**103,273,781**

Statement of cash flows for the year ended 31 December 2015

	2015 USD	2014 USD
Cash flows from operating activities		
Loss for the year	**(225,813)**	(825,254)
Adjustments for:		
Depreciation of property and equipment	**79,571**	21,563
Amortisation of intangible assets	-	416,795
Employees' end of service benefit charge	**77,737**	22,912
Finance costs	**974,437**	2,830,534
Interest on term deposits	**(36,203)**	(46,854)
Interest charged to related parties	**(976,841)**	(2,761,644)
Dividend income	**-**	(499,844)
Operating cash flows before movements in working capital	**(107,112)**	(841,792)
Change in trade receivables and other current assets	**7,588,035**	20,969,591
Change in due from related parties	**69,480,000**	(69,480,000)
Change in trade and other payables	**(7,535,795)**	(19,023,066)
Cash generated from/(used in) operating activities	**69,425,128**	(68,375,267)
Finance costs paid	**(3,736,081)**	(68,890)
Net cash generated from/(used in) operating activities	**65,689,047**	(68,444,157)
Cash flows from investing activities		
Investment in non-cumulative redeemable shares	**(100,000,000)**	-
Payments for property and equipment	**(111,172)**	(222,255)
Net movement in fixed deposit under lien	-	(2,181,850)
Finance income received	**3,743,730**	54,023
Dividends received	-	499,844
Net cash used in investing activities	**(96,367,442)**	(1,850,238)
Cash flows from financing activities		
Share application money received from a related party	**100,000,000**	-
Proceeds of loan from a related party	-	70,000,000
Repayment of loan from a related party	**(70,000,000)**	-
Change in due to a related party	**(3,245,107)**	3,411,606
Net cash generated by financing activities	**26,754,893**	73,411,606
Net (decrease)/increase in cash and cash equivalents	**(3,923,502)**	3,117,211
Cash and cash equivalents at beginning of the year	**2,542,003**	(575,208)
Cash and cash equivalents at the end of the year (note 10)	**(1,381,499)**	2,542,003

Notes to the financial statements for the year ended 31 December 2015

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 ("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 and bunkering.

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

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been applied in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRSs in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to disclosure initiative	1 January 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
IFRS 9 F*inancial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

Notes to the financial statements for the year ended 31 December 2015

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

2.2 New and revised IFRSs in issue but not yet effective (Continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments	1 January 2018
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:	
• **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.	
• **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.	
• **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	
• **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 15 *Revenue from Contracts with Customers*	
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.	1 January 2018
The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:	

Notes to the financial statements for the year ended 31 December 2015

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

2.2 New and revised IFRSs in issue but not yet effective (Continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
IFRS 16 *Leases*	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely

Management anticipates that these new and revised standards, interpretations and amendments will be applied in the Company's financial statements for the annual period beginning 1 January 2016 or as and when they are applicable and application of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 9, IFRS 15 and IFRS 16 will be applied in the Company's financial statements for the annual period beginning 1 January 2018. The application of IFRS 9, IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

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.

3.2 Basis of preparation and restriction on distribution

The Company incurred a loss of USD 225,813 for the year ended 31 December 2015 (2014: USD 825,254). 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.

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.2 Basis of preparation and restriction on distribution (Continued)

Furthermore, these financial statements have been prepared in accordance with management's requirements for the purpose of consolidation with the Parent Company, RIL, and to present the Company's financial position as at 31 December 2015 and its financial performance and cash flows for the year then ended.

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

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts and other similar allowances.

3.3.1 Sale of goods

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which the time all the following conditions are satisfied:

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

3.3.2 Dividend income

Dividend income from investments is recognised when the shareholder'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).

3.3.3 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.

3.3.4 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

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

3.4.1 The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.4 Leases (Continued)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

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.

3.7 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:

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.7 Investments in subsidiaries (Continued)

- 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.

3.9 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

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.10 Employee benefits (Continued)

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.

3.12 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 assets

The Company's financial assets comprise of trade receivables and other current assets (excluding advances and prepayments), due from related parties, fixed deposit under lien, cash and bank balances and investment in non-cumulative redeemable preference shares. These financial assets are classified as 'loans and receivables', 'cash and cash equivalents' and 'available for sale (AFS) investments'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

3.13.1 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.

3.13.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables, including trade receivables and other current assets (excluding advances and prepayments), due from related parties and fixed deposit under lien, are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.13.3 AFS investments

AFS investments are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.13 Financial assets (Continued)

The Company has investment in non-cumulative redeemable preference shares that are not traded in an active market and whose fair value cannot be reliably measured are accounted for at cost less any identified impairment losses at the end of each reporting period.

3.13.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.13.5 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

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, bank overdraft, due to related parties 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.

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

3.13 Financial assets (Continued)

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.

4 Critical accounting judgments and key sources of uncertainty

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.

4.1 Critical judgments in applying accounting policies

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 IAS 18 *Revenue*. 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 IAS 18 *Revenue*.

4.1.2 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.*

4.1.3 Functional currency

Management considers USD to be the currency that most faithfully represents the economic effect of underlying transactions, events and conditions. USD is the currency in which the Company measures the performance and reports its results, as well as the currency in which it receives from its Parent Company.

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 Allowance for impairment losses on trade receivables and other current assets

An estimate of the collectible amount of trade receivables and other current assets is made when collection of the full amount

Notes to the financial statements for the year ended 31 December 2015

3 Summary of significant accounting policies (Continued)

4.2 Key sources of estimation uncertainty (Continued)

is no longer probable. The allowance for impairment losses for all customers is based on a variety of factors, including the overall quality and ageing of the receivables and continuing credit evaluation of the customers' financial conditions. Also, specific provisions for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations. Management is satisfied that no impairment provision is necessary trade receivables and other current assets as at 31 December 2015 and 2014 (excluding advances and prepayments).

4.2.2 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 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 2015 and 2014.

4.2.3 Useful lives of property and equipment

Management reviews the estimated useful lives of property and equipment at the end of each annual reporting period in accordance with IAS 16 *Property, Plant and Equipment*. Management determined that current year expectations do not differ from previous estimates based on its review.

4.2.4 Impairment of property and equipment

Property and equipment are assessed for impairment based on assessment of cash flows on individual cash-generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash-generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment as at 31 December 2015 and 2014.

Notes to the financial statements for the year ended 31 December 2015

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 2014	-	179,332	43,425	67,663	290,420
Additions	102,397	11,117	108,741	-	222,255
At 1 January 2015	102,397	190,449	152,166	67,663	512,675
Additions	40,745	34,849	35,578	-	111,172
At 31 December 2015	**143,142**	**225,298**	**187,744**	**67,663**	**623,847**
Accumulated depreciation					
At 1 January 2014	-	160,250	43,387	67,663	271,300
Charge for the year	-	9,844	11,719	-	21,563
At 1 January 2015	-	170,094	55,106	67,663	292,863
Charge for the year	28,195	15,118	36,258	-	79,571
At 31 December 2015	**28,195**	**185,212**	**91,364**	**67,663**	**372,434**
Carrying amount					
At 31 December 2015	**114,947**	**40,086**	**96,380**	**-**	**251,413**
At 31 December 2014	102,397	20,355	97,060	-	219,812

6 Intangible assets

	2015 USD	2014 USD
Cost		
At 1 January and 31 December	**21,794,014**	21,794,014
Accumulated amortisation		
At 1 January	**21,794,014**	21,377,219
Charge for the year	**-**	416,795
At 31 December	**21,794,014**	21,794,014
Carrying amount at 31 December	**-**	-

7 Investments in subsidiaries

	2015 % Holding	2014 % Holding	**2015 USD**	2014 USD
Reliance Global Energy Services Limited *(i)*	**100**	100	**999,998**	999,998
Reliance Global Energy Services (Singapore) Pte. Ltd. *(ii)*	**100**	100	**1,054,725**	1,054,725
			2,054,723	2,054,723

Notes to the financial statements for the year ended 31 December 2015

7 Investments in subsidiaries (Continued)

(i) Reliance Global Energy Services Limited (London) ("RGES")

RGES was incorporated in England and Wales on 20 June 2009. The registered office of the Company is situated in England and Wales. The principal activities of RGES are to carry on business as a general commercial company.

(ii) Reliance Global Energy Services (Singapore) Pte. Ltd.("RGESS")

RGESS was incorporated in the Republic of Singapore under Companies Act, Cap 50. The registered office of RGESS is 250 North Bridge Road, # 16-01, Raffles Tower, Singapore 179101. As per memorandum of RGESS, it can carry on or undertake any business activity subject to provisions of the Companies Act, Cap 50, Singapore.

Management has assessed as at the reporting date that there are no indicators of objective evidence of impairment for its investments in subsidiaries.

8 Fixed deposit under lien

Fixed deposit amounting to USD 2,220,047 as at 31 December 2015 (2014: USD 2,189,089) with original maturity of 15 months have been pledged for bank guarantees granted to a customer. Such deposits earn an interest of 1.5% (2014: 1.5%). As at 31 December 2015, fixed deposit under lien has remaining maturity of 1 month (31 December 2014: 13 months), and has been presented under trade and other receivables as current asset (note 9).

9 Trade receivables and other current assets

	2015	2014
	USD	USD
Trade receivables	**13,177,601**	20,287,825
Fixed deposit under lien (note 8)	**2,220,047**	-
Deposits	**86,183**	241,336
Advances	**77,574**	100,968
Prepayments	**138,171**	201,844
Other receivables	**182,474**	418,065
	15,882,050	21,250,038

Trade receivables include an amount of USD 12,825,931 (2014: USD 19,936,155) outstanding from the Parent Company (note 15.1).

The average credit period on sale of goods 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 20.

10 Cash and bank balances

	2015	2014
	USD	USD
Cash on hand	**5,327**	11,975
Balance with banks:		
– in current accounts	**281,219**	530,028
– in term deposit	-	2,000,000
Cash and bank balances	**286,546**	2,542,003
Less: Bank overdraft (note 14)	**(1,668,045)**	-
Cash and cash equivalents	**(1,381,499)**	2,542,003

Original maturity of term deposit is three months. Such deposit earns interest of 0.85%.

Notes to the financial statements for the year ended 31 December 2015

11 Share capital/Preference share capital

	2015 USD	2014 USD
Authorised, issued and fully paid up:		
42,450 ordinary shares of AED 1,000 each (2014: 42,450 shares of AED 1,000 each)	**11,535,326**	11,535,326
63,436 (2014: 63,436 shares), 5% Non-cumulative compulsorily convertible preference shares of AED 1,000 each	**17,238,000**	17,238,000

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 fixed number of ordinary shares for each preference share. Accordingly, these preference shares have been classified as part of equity in the financial statements.

During 2015, the Company has received an amount of USD 100,000,000 from the Parent Company as share application money. On 30 March 2016, the Company has issued and allotted the preference shares towards this share application money.

12 Provision for employees' end of service benefit

Movements in the provision are as follows:

	2015 USD	2014 USD
At 1 January	**159,766**	136,854
Charge during the year	**77,737**	22,912
At 31 December	**237,503**	159,766

13 Trade and other payables

	2015 USD	2014 USD
Trade payables	**12,810,904**	19,927,052
Payable for acquisition of a subsidiary	**300,000**	300,000
Accruals	**18,000**	437,647
	13,128,904	20,664,699

14 Bank overdraft

The Company has obtained an overdraft facility of USD 10 million from a bank in the UAE. The facility is secured against a corporate guarantee issued by the Parent Company to the extent of USD 15 million (2014: USD 15 million). The facility carries interest rate of EIBOR plus 0.8% p.a. for amounts withdrawn in AED and LIBOR plus 0.8% p.a. for amounts withdrawn in USD. As at 31 December 2015, the Company has a bank overdraft balance amounting to USD 1,668,045 (31 December 2014: USD Nil).

15 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.

Notes to the financial statements for the year ended 31 December 2015

15 Transactions and balances with related parties (Continued)

15.1 Related party balances

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

	2015 USD	2014 USD
Trade receivables (note 9)		
Reliance Industries Limited	**12,825,931**	19,936,155
Other receivables (note 9)		
Reliance Industries Limited	**-**	418,065
Due from related parties: (*i*)		
Ethane Crystal LLC	-	12,040,274
Ethane Emerald LLC	-	12,040,274
Ethane Opal LLC	-	12,040,274
Ethane Pearl LLC	-	12,040,274
Ethane Sapphire LLC	-	12,040,274
Ethane Topaz LLC	-	12,040,274
	-	72,241,644
Investment in non-cumulative redeemable preference shares: *(ii)*		
Recron (Malaysia) Sdn. Bhd. ("Recron")	**100,000,000**	-
Due to related parties:		
Reliance Exploration & Production DMCC	**166,499**	3,411,606
Reliance Industries Limited	-	2,761,644
	166,499	6,173,250
Loan from a related party *(iii)*		
Reliance Industries Limited	**-**	70,000,000

(i) Due from related parties pertain to advances given to a supplier for the purchase of assets which were charged back to six subsidiaries of Reliance Ethane Holdings Pte. Ltd., a subsidiary of the Parent Company, who have been the ultimate owner of those assets through an Assignment Agreement between the Company and those subsidiaries. According to the said agreement, the Company was to charge those subsidiaries the amount of advances including the interest charged by the Parent Company for the loan provided to the Company. During 2015, the Company has received these advances including interest of 9% p.a.

(ii) During 2015, the Company has provided Recron, a related party, an amount of USD 100,000,000 as share application money. 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 has been classified as a non-current asset.

This investment, which is classified as an AFS investment, is not quoted in an active market and its fair value cannot be measured reliably, accordingly, this is measured at cost as at 31 December 2015. Based on the assessment of the management, no impairment loss is recognised for this AFS investment as at 31 December 2015.

(iii) During 2015, the Company has repaid the loan including interest of 9% p.a.

Notes to the financial statements for the year ended 31 December 2015

15 Transactions and balances with related parties (Continued)

15.2 Related party transactions

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

	2015 USD	2014 USD
Sales of crude oil	**353,446,641**	273,138,395
Interest charged to a related party (notes 15.1(i), 16)	**976,841**	2,761,644
Guarantee commission to a related party (note 17)	**33,000**	33,000
Interest on loan from a related party (notes 15.1(iii), 17)	**904,078**	2,761,644
Dividend income (note 16)	**-**	499,844

15.3 Other transactions with related parties

	2015 USD	2014 USD
Payments made to RIL USA, Inc.*	**190,800,009**	249,455,104
Share application money received from RIL	**100,000,000**	-

* 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.

The Company did not incur key management compensation expenses during the years ended 31 December 2015 and 2014.

15.4 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 2015, the Company has not recorded any impairment owed by related parties (2014: USD 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.

16 Other income

	2015 USD	2014 USD
Interest charged to a related party (note 15.2)	**976,841**	2,761,644
Interest on term deposits	**36,203**	46,854
Dividend income (note 15.2)	-	499,844
Miscellaneous income	**26,205**	-
	1,039,249	3,308,342

17 Finance costs

	2015 USD	2014 USD
Interest on loan from a related party (note 15.2)	**904,078**	2,761,644
Bank interest expense	**37,359**	35,890
Guarantee commission to a related party (note 15.2)	**33,000**	33,000
	974,437	2,830,534

Notes to the financial statements for the year ended 31 December 2015

18 Commitments and contingencies

	2015 USD	2014 USD
Guarantee issued on behalf of a related party	**-**	2,500,000
Guarantee issued on behalf of a customer	**1,600,000**	1,600,000
Bank guarantees	**40,000**	155,870

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

	2015 USD	2014 USD
Operating lease commitments:		
Within one year	**128,751**	100,295
After one year but not more than five years	**156,679**	184,715
	285,430	285,010
Commitment for acquisition of a subsidiary (note 21)	**229,000,000**	-

19 Loss for the year

Loss for the year is after charging:

	2015 USD	2014 USD
Staff costs	**483,557**	339,199
Depreciation of property and equipment	**79,571**	21,563
Amortisation of intangible assets	**-**	416,795

20 Financial instruments

20.1 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 2014.

20.2 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.

20.2.1 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, fixed deposit under lien and bank balances.

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

Notes to the financial statements for the year ended 31 December 2015

20 Financial instruments (Continued)

20.2 Financial risk management objectives (Continued)

20.2.1 Credit risk (Continued)

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

	2015 **USD**	2014 USD
Fixed deposit under lien	-	2,189,089
Due from related parties	-	72,241,644
Trade receivables and other current assets (excluding advances and prepayments)	**15,666,305**	20,947,226
Bank balances	**281,219**	2,542,003
	15,947,524	97,919,962

20.2.1 Credit risk (continued)

Impairment losses

The ageing of trade receivables at 31 December was:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
USD				
Not past due	**12,825,931**	-	19,936,155	-
Less than 120 days	**-**	-	-	-
More than 120 days	**351,670**	-	351,670	-
	13,177,601	-	20,287,825	-

Management believes that no impairment loss should be recognised in respect of past due trade receivables as they relate to a customer with long term agreement.

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

20.2.2 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.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses. The Company also has bank overdraft facility as disclosed in note 14, and loan from a related party as disclosed in note 15.1.

Notes to the financial statements for the year ended 31 December 2015

20 Financial instruments (Continued)

20.2 Financial risk management objectives (Continued)

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 2015		
Due to a related party	**166,499**	-
Bank overdraft	**1,668,045**	-
Trade and other payables	**13,128,904**	-
	14,963,448	-

	Current Less than 1 year USD	Non-current Greater than 1 year USD
31 December 2014		
Loan from a related party	70,000,000	-
Due to related parties	6,173,250	-
Trade and other payables	20,664,699	-
	96,837,949	-

20.2.3 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.

20.2.4 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 under lien, 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.

The Company's interest rate risk arises primarily from bank overdraft. Borrowings at variable rates expose the Company to cash flow interest rate risk. As at 31 December 2015, the Company has bank overdraft of AED 1,668,045 (2014: USD Nil).

20.3 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.

21 Events after the reporting period

On 29 January 2016, the Company received non-cumulative redeemable preference shares allotted towards the share application money provided to Recron (note 15.1(ii)).

On 9 February 2016, the Company has received an amount of USD 230,000,000 from the Parent Company as share application money. On 30 March 2016, the Company has issued and allotted non-cumulative compulsorily convertible preference shares towards this share application money.

Notes to the financial statements for the year ended 31 December 2015

21 Events after the reporting period (Continued)

On 28 December 2015, the Company entered into a Share Purchase Agreement ("the Agreement") with Reliance Global Holdings Pte. Ltd. for the acquisition of 100% interest in RP Chemicals (Malaysia) Sdn. Bhd. for a consideration of USD 229,000,000. On 11 February 2016, the conditions set out in the Agreement have been completed, accordingly, the Company has recognised this as an investment in subsidiary (note 18).