RELIANCE INDUSTRIES
(MIDDLE EAST) DMCC

Financial Statements
For the year ended 31 December, 2022

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

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.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities measured subsequently at amortised cost (continued)
The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Critical accounting judgments and key sources of uncertainty

3.1 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.

3.1.1 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. 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.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

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

3.1 Critical judgments in applying accounting policies (continued)

3.1.2 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.

3.2 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.

3.2.1 Impairment of investments in subsidiaries

The Company assess, 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.

Management is satisfied that there are no indicators of objective evidence of impairment for its investments in subsidiaries as at 31 December 2022 and 2021.

3.2.2 Derecognition of financial liability

The Company shall remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit and loss.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

4 Property and equipment

	Leasehold improvement USD	Computer and office equipment USD	Furniture and fixtures USD	Motor Vehicles USD	Total USD
Cost					
At 1 January 2021 and 2022	143,142	62,086	2,560	196,477	404,265
Additions	-	18,975	-	-	18,975
At 31 December 2022	143,142	81,061	2,560	196,477	423,240
Accumulated depreciation					
At 1 January 2021	143,142	55,176	2,560	145,651	346,529
Charge for the year	-	1,977	-	32,265	34,242
At 1 January 2022	143,142	57,153	2,560	177,916	380,771
Charge for the year	-	4,888	-	18,561	23,449
At 31 December 2022	143,142	62,041	2,560	196,477	404,220
Carrying amount					
At 31 December 2022	-	19,020	-	-	19,020
At 31 December 2021	-	4,933	-	18,561	23,494

5 Investments in subsidiaries

	2022 % Holding	2021 % Holding	**2022** USD	2021 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 2022 (continued)

5 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 RPCM, amounting to USD 229,000,000.

During 2020, RPCM 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 RPCM 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.

(iii) *Reliance Global Project Services UK Limited ("RGPS UK")*

RGPS UK is private limited company, incorporated and domiciled in Wales, United Kingdom on 12 December 2022. The address of the registered office and principal place of business is at Companies House, Cardiff, Wales, United Kingdom. RGPS UK is a 100% subsidiary of the Company. There were no operations during the year.

(iv) *Reliance Global Project Services Pte Ltd ("RGPS PTE")*

RGPS PTE is private limited company, incorporated and domiciled in Singapore on 4 November 2022 December 2022. RGPS PTE is a 100% subsidiary of the Company. There were no operations during the year.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

6 Trade and other receivables

	2022 USD	2021 USD
Trade receivable	**23,157,171**	66,117,470
Advances	**15,998,991**	16,676,635
Fixed deposit*	**7,536,833**	25,518,215
Accrued income (note 11.1)	**515,212**	1,329,125
Prepayments	**264,236**	276,746
Deposits	**77,739**	46,804
Other receivables	**134,461**	105,737
	47,684,643	110,070,732

*Fixed deposit amounting to USD 7,536,833 as at 31 December 2022 (2021: USD 25,518,215) with original maturity of 12 months, starting from 17 January 2022 earn an interest in the range of 0.52% (2021: 0.08% to 0.12%) 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 2022, 100% (2021:100%) of trade receivable balances are due from two customers (2021: two) 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.

7 Cash and cash equivalent

	2022 USD	2021 USD
Cash on hand	**55**	20,840
Banks balances	**42,488,307**	15,826,561
Cash and bank balances	**42,488,362**	15,847,401

Notes to the financial statements
for the year ended 31 December 2022 (continued)

8 Share capital

	2022 USD	2021 USD
Authorised, issued and fully paid up:		
762,235 ordinary shares of AED 1,000 each (2021: 762,235 shares of AED 1,000 each)	**207,129,373**	207,129,373

9 Provision for employees' end of service benefit

Movements in the provision are as follows:

	2022 USD	2021 USD
At 1 January	**888,771**	822,296
Charge for the year	**58,602**	80,941
Payments	**(500,746)**	(14,466)
At 31 December	**446,627**	888,771

10 Trade and other payables

	2022 USD	2021 USD
Trade payables	**19,879,687**	74,351,365
Accruals	**15,477,861**	21,295,475
Advance from a related party (note 11.1)	**11,026,723**	9,268,765
Others	**45,632**	22,508
	46,429,903	104,938,113

Notes to the financial statements
for the year ended 31 December 2022 (continued)

11 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.

11.1 Related party balances

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

	2022 USD	2021 USD
Accrued income - Reliance Industries Limited (note 6)	**515,212**	1,329,125
Trade receivable from Reliance Industries Limited (note 6)	**23,157,169**	21,494,359
Trade receivable from Reliance Industries USA (note 6)	**-**	44,623,112
Advance from Reliance Industries Limited (note 10)	**11,026,723**	9,268,765
Loan from a related party:		
Reliance Exploration & Production DMCC*	**330,100,104**	345,085,287

* In 2017, the Company received a loan from Reliance Exploration and Production DMCC ("REP"), amounting to USD 241,233,453, which was used for the redemption of preference shares from Reliance Industries Limited. The loan received was interest free and repayable on demand. During 2021, an agreement had been entered into with REP to charge cumulative interest on loan equivalent to LIBOR plus 5% per annum from the loan commencement date. Further, an incremental premium equal to 5% per annum was charged on account of late payment for the first 3 years from date of commencement of loan till 28 March 2020. The agreement was further revised during the year where the total effective interest, from commencement of loan, should not be more than 7.5% per annum. This amendment has resulted in substantial modification of the existing liability. Therefore, modification is accounted for as an extinguishment of the existing liability and recognition of a new liability. The table below shows the movement in the loan during the period:

	2022 USD	2021 USD
At 1 January	**345,085,287**	241,233,453
Interest for the year	**23,936,260**	-
Repayment during the period	**(3,635,000)**	(28,500,000)
Effect of (extinguishment)/modification of loan	**(35,286,443)**	132,351,834
	330,100,104	345,085,287

Notes to the financial statements
for the year ended 31 December 2022 (continued)

11 Transactions and balances with related parties (continued)

11.2 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:

	2022 USD	2021 USD
Ocean Freight*	**194,909,566**	168,043,643
Lease rental income	**186,015**	680,843
Professional consultancy income - Parent Company	**-**	96,683
Guarantee commission to a related party (note 15)	**67,015**	70,027
Interest expense-Reliance Exploration and Production DMCC	**23,936,260**	-
Effect of (extinguishment)/modification of loan -Reliance Exploration and Production DMCC	**(35,286,443)**	132,351,834
Dividend income from Recron (Malaysia) Sdn. Bhd	**45,000,000**	20,000,000
Corporate guarantee received from Parent Company	**20,000,000**	20,000,000

Notes to the financial statements
for the year ended 31 December 2022 (continued)

11 Transactions and balances with related parties (continued)

11.3 Other transactions with related parties

	2022 USD	2021 USD
Payments made to RIL USA, Inc.	-	9,141,613
Conversion of preference shares	-	149,856,004

11.4 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 2022, the Company has not recorded any impairment owed by related parties (2021: 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.

12 Revenue

	2022 USD	2021 USD
Charter services	**194,909,566**	168,043,643
Rental income	**186,015**	680,843
Sale of alkylate	**-**	53,764,725
	195,095,581	222,489,211

13 Cost of sales

	2022 USD	2021 USD
Charter expenses	**190,682,366**	163,143,793
Rental expense	**186,015**	680,843
Purchase of alkylate	**-**	53,764,725
	190,868,381	217,589,361

Notes to the financial statements
for the year ended 31 December 2022 (continued)

14 General and administrative expenses

	2022 USD	2021 USD
Travelling expenses		2,049,289
	10,071,063	
Business promotion expenses	**7,447,848**	-
Donations and gifts		3,817,595
	1,412,932	
Salaries and wages	**1,379,923**	1,440,333
Professional fees	**663,335**	840,000
Rent	**316,106**	292,800
Depreciation	**23,449**	34,242
Others general and administrative expenses	**1,211,614**	1,629,704
	22,526,270	10,103,963

15 Finance costs

	2022 USD	2021 USD
Effect of (extinguishment)/modification of loan (note 11.1)	**(35,286,443)**	132,351,834
Interest on loan from related party (note 11.1)	**23,936,260**	-
Guarantee commission to a related party (note 11.2)	**67,015**	70,027
	(11,283,168)	132,421,861

16 Commitments and contingencies

	2022 USD	2021 USD
Bank guarantees	**20,000**	269,600

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

	2022 USD	2021 USD
Operating lease commitments:		
Within one year	**64,285,188**	66,106,829
After one year but not more than five years	**321,089,514**	264,376,800
More than five years	**196,368,600**	334,454,760
	581,743,302	664,938,389

Notes to the financial statements
for the year ended 31 December 2022 (continued)

17 Loss for the year

Loss for the year is after charging:

	2022 USD	2021 USD
Staff costs	**1,379,923**	1,440,333
Depreciation of property and equipment	**23,449**	34,242

18 Financial instruments

18.1 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 2021.

18.2 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.

18.2.1 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) 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 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

Notes to the financial statements
for the year ended 31 December 2022 (continued)

18 Financial instruments (continued)

18.2 Financial risk management objectives (continued)

18.2.1 Credit risk (continued)

. The following table shows the balances held with banks at the reporting date, based on Moody's rating:

	2022 USD	2021 USD
Bank rated		
A+	**42,472,620**	5,007,533
Baa2	**15,687**	15,861
A	**-**	10,803,167
Total cash at banks	**42,488,307**	15,826,561

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:

	2022 USD	2021 USD
Trade receivables and other current assets (*excluding advances and prepayments*)	**31,402,609**	93,117,351
Bank balances	**42,488,307**	15,826,561
	73,890,916	108,943,912

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

18.2.2 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 2022 (continued)

18 Financial instruments (continued)

18.2 Financial risk management objectives (continued)

18.2.2 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 2022		
Trade and other payables (*excluding advance from customer*)	**35,403,179**	**-**
Loan from a related party	**330,100,104**	**-**
	365,503,283	**-**
31 December 2021		
Trade and other payables (*excluding advance from customer*)	95,669,348	-
Loan from a related party	-	345,085,287
	95,669,348	345,085,287

18.2.3 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.

18.2.4 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 sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial instruments at the end of the reporting period. For variable rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 75 basis points more/lower throughout the year and all other variables were held constant, the Company's profit and equity for the year ended 31 December 2022 would decrease/increase by approximately USD 133,500.

Notes to the financial statements for the year ended 31 December 2022 (continued)

18 Financial instruments (continued)

18.3 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.

19 Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

20 Approval of financial statements

The financial statements were approved by management and authorised for issue on 17 April 2023.