RELIANCE INDUSTRIES (MIDDLE EAST) DMCC

Financial Statements
For the year ended 31 December 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Reliance Industries (Middle East) DMCC (the "Company") which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of matter

The previous year financial statements were prepared to comply with the requirements of Section 129 of the Indian Companies Act, 2013. We performed audit checks to confirm the opening balances were as per International Financial Reporting Standards (IFRSs). Our opinion is not modified in respect of this matter.

Other matter

The previous year's financial statements were audited by another auditor who expressed an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related
- disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

Further, we report that:

- As required by the Dubai Multi Commodities Centre Authority (DMCCA) Company Regulations of 2022 (the "Regulation"), based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended 31 December 2023, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements are, in all material respects, different from the activities permitted under the License issued to the Company by DMCCA; and

- The financial statements of the Company comply, in all material respects, with the applicable provisions of the Implementing Regulations 2020.

For COAST ACCOUNTING & AUDITING

R.I. Bhatia
Reg No 174, United Arab Emirates
Ministry of Economy (Audit Division)
Date: April 22, 2024

Reliance Industries (Middle East) DMCC
Statement of financial position as at 31 December 2023

Particulars	Notes	As at 31st December 2023 USD	As at 31st December 2022 USD
ASSETS			
Non-current assets			
Property and equipment	**4**	**12,304**	19,020
Investment in subsidiaries	**5**	**397,037,060**	396,937,060
Investment at fair value through other comprehensive income	**5**	**250,000**	250,000
Total non-current assets		**397,299,364**	**397,206,080**
Current Assets			
Inventories		**468,655**	-
Trade and other receivables	**6**	**250,325,775**	47,684,643
Cash and cash equivalents	**7**	**2,627,896**	42,488,362
Total current assets		**253,422,326**	**90,173,005**
TOTAL ASSETS		**650,721,690**	**487,379,085**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**8**	**207,129,373**	207,129,373
Accumulated gain/ (losses)		**54,018,419**	(96,726,922)
Net equity		**261,147,792**	**110,402,451**
Non-current liabilities			
Employees' end of service benefits	**9**	**441,890**	446,627
Total Non-current liabilities		**441,890**	**446,627**
Current liabilities			
Loan from related party	**11**	**362,535,972**	330,100,104
Accounts payable and accruals	**10**	**26,596,036**	46,429,903
Total current liabilities		**389,132,008**	**376,530,007**
Total liabilities		**389,573,898**	**376,976,634**
TOTAL EQUITY AND LIABILITIES		**650,721,690**	**487,379,085**

These financial statements were approved and authorised for issue by the Board of Directors on April 22, 2024 and were signed on their behalf by:

Shashi Kumar Goyal
Director

The accompanying notes form an integral part of these financial statements

Reliance Industries (Middle East) DMCC
Statement of comprehensive income for the year ended 31 December 2023

Particulars	**Notes**	**2023**	**2022**
		USD	**USD**
Revenue	**12**	**193,302,214**	195,095,581
Cost of sales	**13**	**(183,739,951)**	(190,868,381)
GROSS PROFIT		**9,562,263**	**4,227,200**
General and Administrative expenses	**14**	**(29,431,957)**	(22,526,270)
Gain on commodity hedge		**194,242,000**	**-**
Dividend income	**11**	**-**	45,000,000
Exchange loss		**(61,541)**	(6,331)
Finance income		**691,160**	18,449
Other income		**72,078**	189,719
OPERATING PROFIT		**175,074,003**	**26,902,767**
Finance (cost)/income	**15**	**(24,328,662)**	**11,283,168**
PROFIT FOR THE YEAR		**150,745,341**	**38,185,935**
Other comprehensive income for the year		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**150,745,341**	**38,185,935**

The accompanying notes form an integral part of these financial statements

Reliance Industries (Middle East) DMCC
Statement of changes in equity for the year ended 31 December 2023

	Share capital	Accumulated Profit	Net equity
	USD	USD	USD
Balance at 1 January 2022	207,129,373	(134,912,857)	72,216,516
Total comprehensive profit for the year	-	38,185,935	38,185,935
	207,129,373	**(96,726,922)**	**110,402,451**
Balance at 1 January 2023	207,129,373	(96,726,922)	110,402,451
Total comprehensive income for the year	-	150,745,341	150,745,341
Balance at 31 December 2023	**207,129,373**	**54,018,419**	**261,147,792**

The accompanying notes form an integral part of these financial statements

Reliance Industries (Middle East) DMCC
Statement of cash flows for the year ended 31 December 2023

	2023	2022
	USD	USD
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year	**150,745,341**	**38,185,935**
***Adjustments for*:**		
Depreciation	**6,716**	23,449
Provision for employees' end of service benefits	**37,026**	58,602
Finance cost	**24,328,662**	(11,283,168)
Finance income - interest on term deposit	**(691,160)**	(18,449)
Dividend income	**-**	(45,000,000)
Operating cash flow before working capital changes	**174,426,585**	**(18,033,631)**
Change in loan from related party	**8,172,976**	(14,985,183)
Change in inventories	**(468,655)**	-
Change in trade and other receivables	**(202,641,132)**	62,386,089
Change in trade and other payables	**(19,833,867)**	(47,158,027)
Cash generated used in operating activities	**(40,344,093)**	**(17,790,752)**
Payments of end of service benefit	**(41,763)**	(500,746)
Net cash used in operating activities	**(40,385,856)**	**(18,291,498)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	**-**	(18,975)
Finance income	**691,160**	18,449
Dividend received	**-**	45,000,000
Investment in subsidiaries	**(100,000)**	**-**
Net cash generated from investing activities	**591,160**	**44,999,474**
CASH FLOW FROM FINANCING ACTIVITIES:		
Finance costs paid	**(65,770)**	(67,015)
Net cash used in financing activities	**(65,770)**	**(67,015)**
Net increase/ (decrease) in cash and cash equivalents	**(39,860,466)**	**26,640,961**
Cash and cash equivalents at the beginning of the year	**42,488,362**	**15,847,401**
Cash and cash equivalents at the end of the year (note-9)	**2,627,896**	**42,488,362**

The accompanying notes form an integral part of these financial statements

Reliance Industries (Middle East) DMCC

Notes to the financial statements for the year ended 31 December 2023

1 Legal status and principal activities

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

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

The principal activities of the Company are trading of crude oil, petrochemical product, refined oil products and industrial plant equipment & spare parts.

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

2 Summary of material accounting policies

2.1 Statement of compliance

These financial statements have been prepared on the historical cost basis except for the financial assets carried at fair value through comprehensive income at the end of each reporting period, as explained in the accounting polices given below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements have been prepared in accordance with the accounting policies set out below.

2.2 Basis of preparation

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and DMCC regulations 2020 issued by Dubai Multi Commodities Centre Regulations Authority(DMCCA). These financial statements are prepared on standalone basis wherein the investments are stated at cost. The parent company Reliance Industries Limited is preparing the consolidated financial statements.

2.3 Revenue recognition

The Company has applied the following accounting policy in the preparation of its financial statements.

For contracts determined to be within the scope of revenue recognition, the Company is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Summary of material accounting policies (continued)

2.3 Revenue recognition (continued)

The Company recognizes revenue from contracts with customers based on the five step model:

Step 1: Identify the contract(s) with a customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract
A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price
The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract
For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Group performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company recognise revenue from the following sources:

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

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Summary of material accounting policies (continued)

2.3 Revenue recognition (continued)

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

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

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

2.3.2 Charter services.

Charter services are recognised as a performance obligation satisfied over the period of time. Revenue is recognised for the charter services based on the percentage completion of the contract period for each vessel.

2.3.3 Dividend income

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

2.3.4 Interest income

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

2.3.5 Other income

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

2.3.6 Inventory

The inventory for crude oil is estimated based on the cost of procurement or replacement price whichever is lower.

2.4 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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Summary of material accounting policies (continued)

2.4 Property and equipment (continued)

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 the statement of comprehensive income.

2.5 Investments in subsidiaries

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

Control is achieved when the Company:

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

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

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.6 Impairment of tangible 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.

2.7 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.

2.8 Employee benefits

Provision is also made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Company's policy, which is at least equal to the benefits payable in accordance with UAE Laws, for their period of service up to the end of the reporting period. The provision relating end of service benefits is disclosed as a non-current liability.
The company does not make payment for outstanding leave balances; hence, liability has not been recognised at the year-end.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.9 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 the statement of comprehensive income in which they arise.

2.10 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.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

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

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

(iii) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Amortised cost and effective interest rate method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(iv) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(v) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses ("ECL") on investments in trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Summary of material accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(iv) Measurement and recognition of expected credit losses

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Summary of material 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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

2 Summary of material 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.

2.13 Commodity price risk

The oil hedges of the company involve basic risk. The risk is managed in USD. The company has entered into contractual arrangements (derivatives) in order to manage its commodity price risk. Commodity price risk is managed on annual basis. The commodity derivatives are priced using pricing benchmarks (namely Brent).

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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

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

3.1 Critical judgments in applying accounting policies (continued)

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.

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.

3.1.3 Inventory

Inventory for crude oil is the minimum fuel required to be maintained in the vessel during the voyage and estimated based on Company's assessment of fuel efficiency and stage of the voyage at the year end.

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 2023 and 2022.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

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

3.2 Key sources of estimation uncertainty (continued)

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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

4 Property and Equipment

	Leasehold improvement	Computer and office equipment	Furniture and fixtures	Motor Vehicles	Total
	USD	USD	USD	USD	USD
Cost					
At 1 January 2023	143,142	81,061	2,560	196,477	423,240
Additions	-	-	-	-	-
At 31 December 2023	**143,142**	**81,061**	**2,560**	**196,477**	**423,240**
Accumulated depreciation					
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 1 January 2023	143,142	62,041	2,560	196,477	404,220
Charge for the year	-	6,716	-	-	6,716
At 31 December 2023	**143,142**	**68,757**	**2,560**	**196,477**	**410,936**
Carrying amount At 31 December 2023	**-**	**12,304**	**-**	**-**	**12,304**
At 31 December 2022	-	19,020	-	-	19,020

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

5 Investments in subsidiaries

	2023 %	2022 %	2023 USD	2022 USD
Investment held at fair value through profit or loss				
RP Chemical (Malaysia) Sdn.Bhd.(i)	100	100	266,123,434	266,123,434
Recron (Malaysia) Sdn.Bhd.(ii)	100	100	130,813,626	130,813,626
Investment in Shares of Reliance Global Services Pte-Singapore			100,000	-
			397,037,060	**396,937,060**
Investment held at fair value through other comprehensive income				
Homodeus Inc			250,000	250,000
			250,000	**250,000**

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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

5 Investments in subsidiaries (continued)

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.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

6 Trade and other receivables

	2023	2022
	USD	USD
Trade receivable	16,689,175	23,157,171
Receivable from hedging transaction	194,242,000	-
Other receivable	17,768	134,461
Accrued income	847,082	515,212
Fixed deposit (*)	-	7,536,833
Deposits	44,250	77,739
Prepayments	54,862	264,236
Advances	38,430,638	15,998,991
	250,325,775	47,684,643

(*) During the year the fixed deposit with original maturity of 12 months, starting from 17 January 2022 has been closed (2022: USD 7,536,833).

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 2023, 100% (2022:100%) of trade receivable balances are due from two customers (2022: two customers). 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 Company’s exposure to credit and currency risks and impairment losses related to trade receivables and other current assets is disclosed in note 18.

7 Cash and cash equivalent

Cash and bank balances	2023	2022
	USD	USD
Cash on hand	55	55
Balance with banks	2,627,841	42,488,307
	2,627,896	42,488,362

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

8. Share capital

	2023 USD	2022 USD
Authorised, issued, fully paid up		
762,235 ordinary shares of AED 1,000 each	207,129,373	207,129,373
(2022-762,235 ordinary 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:

	2023 USD	2022 USD
At 1 January	446,627	888,771
Charge for the year	37,026	58,602
Payments made during the year	(41,763)	(500,746)
At 31 December	441,890	446,627

10. Trade and other payables

	2023 USD	2022 USD
Trade payable	17,956,564	19,879,687
VAT payable	9,316	45,632
Advance from customers	-	11,026,723
Provision for audit fee	55,000	37,661
Provision for dry dock	10,304,158	6,826,000
Provision for freight *	(1,729,002)	8,614,200
	26,596,036	46,429,903

* The vessels in MI Cos were built by Samsung and the paint provider had given guarantee for the paint used by Samsung in building the vessels. Samsung had given guarantee to MI Cos that the anti-corrosion paint used will not result in any blisters. During CY 2023 the MI Co vessels developed blisters. MI Cos claimed and received the settlement amount of USD 6,40,000 each from Samsung. Since all the maintenance expenses in relation to vessels in MI cos were borne by RIME, the settlement amount of USD 640,000 from each MI Co was passed onto RIME by the MI Cos in CY 2023.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (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:

	2023 USD	**2022 USD**
Accrued income - Reliance Industries Limited (note 6)	847,082	515,212
Trade receivable from Reliance Industries Limited (note 6)	14,222,709	23,157,171
Advance from Reliance Industries Limited (note 10)	-	11,026,723
Loan from a related party:		
Reliance Exploration & Production DMCC*	347,535,972	330,100,104
Reliance International Limited**	15,000,000	-

* The Company has loan from Reliance Exploration and Production DMCC ("REP"), amounting to USD 241,233,453. During the year, partial payment of USD 6,827,024 has been made to REP (2022: USD 3,635,000).

Further, during the year, it has been agreed between Company's management and RIME that the total yield for the entire tenure of the loan should be restricted at 7.50% per annum.

	2023 USD	**2022 USD**
At 1 January	330,100,104	345,085,287
Interest for the year	24,262,892	23,936,260
Repayment during the period	(6,827,024)	(3,635,000)
Effect of (extinguishment)/modification of loan	-	(35,286,443)
	347,535,972	330,100,104

** The loan from Reliance International Limited is an interest free loan.

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (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:

	2023 USD	2022 USD
Ocean Freight	181,334,498	194,909,566
Lease rental income	-	186,015
Guarantee commission to a related party (note 15)	64,001	67,015
Interest expense-Reliance Exploration and Production DMCC	24,262,892	23,936,260
Effect of (extinguishment)/modification of loan -Reliance Exploration and Production DMCC	-	(35,286,443)
Dividend income from Recron (Malaysia) Sdn. Bhd	-	45,000,000
Corporate guarantee received from Parent Company	10,000,000	20,000,000

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

11 Transactions and balances with related parties (continued)

11.3 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 2023, the Company has not recorded any impairment owed by related parties (2022: 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

	2023 USD	2022 USD
Voyage charter income	11,967,716	-
Rental income	-	186,015
Charter services	181,334,498	194,909,566
	193,302,214	195,095,581

13 Cost of sales

	2023 USD	2022 USD
Rental expense	-	186,015
Charter expenses	183,739,951	190,682,366
	183,739,951	190,868,381

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

14 General and administrative expenses

	2023 USD	2022 USD
Travelling expenses	9,318,187	10,071,063
Business promotion expenses	11,288,452	7,447,848
Donations and gifts	1,022,951	1,412,932
Salaries and wages	1,526,249	1,379,923
Professional fees	3,467,303	663,335
Rent	290,539	316,106
Depreciation	6,716	23,449
Others general and administrative expenses	2,511,560	1,211,614
	29,431,957	22,526,270

15 Finance costs

	2023 USD	2022 USD
Interest on bank overdraft	1,769	-
Interest on loan from related party	24,262,892	23,936,260
Effect of(extinguishment)/modification of loan		(35,286,443)
Guarantee commission to the parent Company	64,001	67,015
	24,328,662	(11,283,168)

16 Commitments and contingencies

	2023 USD	2022 USD
Operating lease commitments:		
Within one year	64,167,000	64,285,188
After one year but not more than five years	320,835,000	321,089,514
More than five years	132,201,600	196,368,600
	517,203,600	581,743,302

The operating lease commitments relate to the charter services which does not quality as Right to Use assets as per IFRS 16. (Refer note 19)

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

17 Profit for the year

Profit for the year is after charging:

	2023 USD	2022 USD
Staff costs	1,526,249	1,379,923
Depreciation of property and equipment	6,716	23,449

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 2022.

The Company's capital structure comprises cash and bank balances and equity, comprising issued capital, and accumulated losses as disclosed in the statement of changes in equity.

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

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (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:

	2023 USD	2022 USD
Bank rated		
A+	2,278,470	42,472,620
Baa2	139,262	15,687
Others	210,108	-
Total cash at banks	**2,627,840**	**42,488,307**

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:

	2023 USD	2022 USD
Trade receivables and other current assets (*excluding advances and prepayments*)	211,840,275	31,402,609
Bank balances	2,627,840	42,488,307
	214,468,115	**73,890,916**

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.

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

The contractual maturities of the financial instruments, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows

Reliance Industries (Middle East) DMCC
Notes to the financial statements for the year ended 31 December 2023 (continued)

18 Financial instruments (continued)

18.2 Financial risk management objectives (continued)

18.2.2 Liquidity risk (continued)

	31.12.2023 Current Less than 1 year USD	Non-current Greater than 1 year USD	31.12.2022 Current Less than 1 year USD	Non-current Greater than 1 year USD
Loan from related party	**362,535,972**	**-**	330,100,104	-
Accounts payable and accruals	**26,596,036**	**-**	46,429,903	-
	389,132,008	-	376,530,007	-

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.

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. LEASE AGREEMENTS

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillments of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made alter inception of the lease only if one of the following applies:

There is a change in contractual terms, other than a renewal or extension of the arrangements.
a renewal option is exercised or extension granted, unless that term of the renewal or extension was Initially included in the lease term;
there is a change in the determination of -whether fulfillment is dependent on a specified asset; or
there is substantial change to the asset.

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Notes to the financial statements for the year ended 31 December 2023 (continued)

19. LEASE AGREEMENTS (continued)

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 above and at the date of renewal or extension period for scenario 2.
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Company lease:

Lease 1

Company's voyage charter and time charter leases does not meet the requirement of recognition of right to use asset and liability in accordance with IFRS 16 . Lease charges are charged to profit and loss account.

The Company leases charter vessels for carrying the freight and cargo. The ship owner has the rights for substitution of the Charterer does not have explicit right on the usage of the vessels. The owner has ability to substitute the right of lease over the period of lease. The lease typically runs for a period of one year, with an option to renew the lease after that date. Lease contract can contain terms to allow for annual increase to reflect market rentals.

During the period, USD 183,739,951 (2022 – USD 190,682,366) was recognized as an expense under cost of sales in the statement of profit or loss and other comprehensive income in respect of operating lease.

Lease 2

The Company leases an office. The lease typically runs for a period of one year, with an option to renew the lease after that date. Lease contract can contain terms to allow for annual increase to reflect market rentals.

During the period, USD 290,539 (2022 – USD 316,016) was recognized as an expense in the statement of profit or loss and other comprehensive income in respect of operating lease.

20 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. The Company should be subject to UAE CT Law w.e.f January 1, 2024.

The Company is currently assessing the impact of UAE CT Law on the Company regarding the Corporate tax and the Deferred taxes.

21 The previous year’s figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year

22 There were no significant events occurring after the financial position date that would have any material effect on the financial statements of the Company or require adjustments in the financial statements.

23 Approval of financial statements

The financial statements were approved by management and authorized for issue on April 22,2024