



IOCL Singapore Pte. Ltd.
Registration Number: 201613003E

Annual Report
Year ended 31 March 2018

Directors' statement

We are pleased to submit this annual report to the member of IOCL Singapore Pte. Ltd. (the Company) together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Radhesh S/O R Vijayan
Rajeev Kumar Mittal
Om Parkash
Lakshmi Narasimha Sastri Dhulipala
David John Stone
Tan Tow Siang

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), no director who held office at the end of the financial year had interests (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company;
and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Radhesh S/O R Vijayan
Director



David John Stone
Director

09 MAY 2018



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Independent auditors' report

Member of the Company
IOCL Singapore Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IOCL Singapore Pte. Ltd. (the 'Company'), which comprise the statement of financial position as at 31 March 2018, 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 significant accounting policies, as set out on pages FS1 to FS24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 SSAs 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 SSAs, 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.



- Obtain an understanding of internal controls 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 Company's internal controls.
- 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 auditors' 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 auditors' 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

09 MAY 2018

Statement of financial position
As at 31 March 2018

	Note	2018 US\$	2017 US\$
Non-current assets			
Investment in joint ventures	4	1,129,058,224	1,055,963,356
Office equipment and furniture		31,967	—
Loan receivable from joint venture	14	20,923,638	—
Other assets	6	52,038	32,043
		<u>1,150,065,867</u>	<u>1,055,995,399</u>
Current assets			
Trade receivable from holding company		65,579,207	—
Loan receivable from joint venture	14	29,065,940	—
Other assets	6	113,065	11,504
Cash and cash equivalents	5	16,097,388	2,687
		<u>110,855,600</u>	<u>14,191</u>
Total assets		<u>1,260,921,467</u>	<u>1,056,009,590</u>
Equity			
Share capital	7	730,990,970	712,758,450
Retained earnings		56,366,912	12,544,489
Currency translation reserve		110,701,729	34,872,887
		<u>898,059,611</u>	<u>760,175,826</u>
Non-current liability			
Borrowings	8	<u>296,313,895</u>	<u>295,393,000</u>
Current liabilities			
Trade and other payables	9	66,547,961	440,764
Total liabilities		<u>362,861,856</u>	<u>295,833,764</u>
Total equity and liabilities		<u>1,260,921,467</u>	<u>1,056,009,590</u>

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

Statement of comprehensive income
Year ended 31 March 2018

		Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
	Note		
Revenue – sale of goods		262,736,629	–
Cost of sales		(262,313,522)	–
Gross profit		423,107	–
Share in profit of joint ventures		51,171,848	15,114,209
Interest income from banks and related parties		682,611	–
Foreign exchange gains - net		5,092	36
Expenses:			
- Other operating expenses	10	(690,713)	(70,072)
- Finance costs	11	(7,769,522)	(2,499,684)
Profit before tax		43,822,423	12,544,489
Tax expense	13	–	–
Profit after tax		43,822,423	12,544,489
Other comprehensive income			
Item that are or may be reclassified subsequently to profit or loss			
Share of other comprehensive income of joint ventures		75,828,842	34,872,887
Total other comprehensive income, net of tax		75,828,842	34,872,887
Total comprehensive income for the year/period		119,651,265	47,417,376

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

Statement of changes in equity
Year ended 31 March 2018

	Share capital US\$	Retained earnings US\$	Currency translation reserve US\$	Total equity US\$
At 13 May 2016 (date of incorporation)	1,000	—	—	1,000
Profit for the period	—	12,544,489	—	12,544,489
Other comprehensive income				
Foreign currency translation reserve of equity-accounted investees	—	—	34,872,887	34,872,887
Total other comprehensive income	—	—	34,872,887	34,872,887
Total comprehensive income for the period	—	12,544,489	34,872,887	47,417,376
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares	712,757,450	—	—	712,757,450
Total contributions by owners of the Company	712,757,450	—	—	712,757,450
At 31 March 2017	712,758,450	12,544,489	34,872,887	760,175,826
At 1 April 2017	712,758,450	12,544,489	34,872,887	760,175,826
Profit for the year	—	43,822,423	—	43,822,423;
Other comprehensive income				
Foreign currency translation reserve of equity-accounted investees	—	—	75,828,842	75,828,842
Total other comprehensive income	—	—	75,828,842	75,828,842
Total comprehensive income for the year	—	43,822,423	75,828,842	119,651,265
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares	18,232,520	—	—	18,232,520
Total contributions by owners of the Company	18,232,520	—	—	18,232,520
At 31 March 2018	730,990,970	56,366,912	110,701,729	898,059,611

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

Statement of cash flows
Year ended 31 March 2018

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Cash flows from operating activities		
Profit for the year/period	43,822,423	12,544,489
Adjustments for:		
- Share in profit of joint ventures	(51,171,848)	(15,114,209)
- Depreciation expense	3,818	—
- Interest expense	6,052,182	2,045,024
- Amortisation of facilities fees	920,895	—
- Interest income	(682,611)	—
- Guarantee fees, commitment fees and bank charges	796,445	375,743
	<u>(258,696)</u>	<u>(148,953)</u>
Changes in working capital:		
- Other assets	(121,556)	(43,547)
- Trade receivables	(65,579,207)	—
- Trade and other payables	65,296,708	51,912
Net cash used in operating activities	<u>(662,751)</u>	<u>(140,588)</u>
Cash flows from investing activities		
Investment in joint ventures	—	(1,005,976,260)
Dividends received from joint venture	27,470,000	—
Loan to joint ventures	(23,553,756)	—
Interest received	682,611	—
Additions to office equipment and furniture	(35,785)	—
Net cash from/(used in) investing activities	<u>4,563,070</u>	<u>(1,005,976,260)</u>
Cash flows from financing activities		
Proceeds from shares issuance	18,232,520	712,758,450
Proceeds from bank borrowings	—	300,000,000
Payment of transaction costs related to borrowings	—	(4,607,000)
Interest paid	(6,002,110)	(2,031,172)
Bank charges and commitment fees paid	(36,028)	(743)
Net cash from financing activities	<u>12,194,382</u>	<u>1,006,119,535</u>
Net increase in cash and cash equivalents	16,094,701	2,687
Cash and cash equivalents at 1 April 2017/13 May 2016 (date of incorporation)	2,687	—
Cash and cash equivalents at 31 March	<u>16,097,388</u>	<u>2,687</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 09 MAY 2018

1 Incorporation and principal activities

IOCL Singapore Pte. Ltd. (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 8 Cross Street, #24-03/04, PWC Building, Singapore 048424.

The Company’s principal activities are investment holding and trading of crude oil. The Company’s immediate holding company is Indian Oil Corporation Limited, which is incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States (“US”) dollars, which is the Company’s functional currency.

2.4 Use of judgements and estimates

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the Note 4 – Investment in Joint Ventures.

2.5 Changes in accounting policies

Disclosure Initiative (Amendments to FRS 7 Statement of Cash Flows)

From 1 January 2017, as a result of the amendments to FRS 7 *Statement of Cash Flows*, the Company has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018. Comparative information has not been presented (see Note 9).

3 Significant accounting policies

3.1 Investment in joint ventures (equity-accounted investee)

Joint ventures are entities over which the Company has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

On acquisition of the investment, any excess of the cost of the investment over the Company's share of the net fair value of the joint venture is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the joint venture's profit or loss in the period in which the investment is acquired.

Investments in joint ventures are accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, after adjustments to align the accounting policies with those of the Company, from the date that joint control commences until the date that joint control ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of profit or loss.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss as net foreign exchange gain or losses, except for the differences arising on the retranslation of financial instruments at fair value through profit or loss ("FVTPL"), which are recognised as a component of net gain or loss from financial instruments at FVTPL.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States Dollars (USD) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States Dollars (USD) at average exchange rates for the reporting period.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loan receivable from joint venture and other assets.

Cash and cash equivalents comprise current accounts with banks.

Non-derivative financial liabilities

The Company initially recognises its financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and borrowings.

3.4 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment.

Those found not to be impaired are then collectively assessed for any impairment that has incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognised when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

3.5 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.6 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For some international shipments, transfer occurs upon loading the goods onto the relevant carrier at the port.

3.7 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future tax profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

3.8 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.9 Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit or loss.

3.10 New standards and interpretations not yet adopted

The following new standards are effective for periods beginning after 1 January 2017 and have not been applied in preparing these financial statements:

FRS 115 Revenue from Contracts with Customers

FRS 115 is effective from 1 January 2018. The standard provides a more detailed principles-based approach for income recognition than the current standard IAS 18 Revenue, with revenue being recognised as or when services are transferred to customers. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Management is currently reviewing the impact on the financial statements of the Company. As the primary income of the Company is from investment holdings, FRS 115 is not expected to have a material impact on the Company.

FRS 109 Financial Instruments

FRS 109 was issued in July 2014 and has an effective date of 1 January 2018, with early adoption permitted. FRS 109 replaces IAS 39 *Financial Instruments: Recognition and Measurement*, introducing new requirements for the classification and measurement of financial instruments; the recognition and usage of a new expected credit loss model to measure credit impairment provisions; and providing for a simplified approach to hedge accounting. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts. The loss allowances can be measured either by the 12-month expected credit losses or lifetime expected credit losses. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.

Management does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. Overall, the Company does not expect a significant impact on its opening equity.

FRS 116 Leases

The effective date of FRS 116 is 1 January 2019. FRS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. FRS 116 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Management has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the assessment, the Company expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.

Assuming no additional new operating leases in future years until the effective date, the Company expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Company plans to adopt the standard when it becomes effective in 2019.

4 Investment in joint ventures

	2018	2017
	US\$	US\$
At beginning of year/period	1,055,963,356	1,005,976,260
Share in profit	51,171,848	15,114,209
Share in other comprehensive income	75,828,842	34,872,887
Contribution to joint venture through interest-free loan	2,630,118	—
Dividends received	(27,470,000)	—
Reclassification to loan to joint venture	(29,065,940)	—
At 31 March	<u>1,129,058,224</u>	<u>1,055,963,356</u>

On 20 May 2016 and 23 May 2016, the Company entered into joint venture agreements with OIL India International Pte. Ltd. and BPRL International Singapore Pte. Ltd. to invest in two joint ventures.

Details of the joint ventures are as follows:

Name of joint venture	Principal activity	Country of incorporation/ Principal place of business	Percentage of equity interest	
			2018	2017
			%	%
<u>Directly held</u>				
TAAS India Pte. Ltd. ("Taas India")	Investment Holding	Singapore	33.5	33.5
Vankor India Pte. Ltd. ("Vankor India")	Investment Holding	Singapore	33.5	33.5

KPMG LLP is the auditor of the joint ventures held by the Company.

The Company has a residual interest in Taas India Pte. Ltd.'s and Vankor India Pte. Ltd.'s net assets. Accordingly, the Company has classified its interest in the investments as joint venture, which are equity-accounted.

Name of investee company	Principal activity	Country of incorporation/ Principal place of business	Percentage of effective equity interest	
			2018 %	2017 %
<u>Indirectly held</u>				
Held by Taas India: TYNGD LLC *	Oil production and exploration	Russian Federation	10.0	10.0
Held by Vankor India: JSC Vankorneft *	Oil production and exploration	Russian Federation	8.0	8.0

* LLC Ernst and Young is the auditor of the investee companies held by the joint ventures.

The Company has commitment to support Taas India for providing additional capital and financing of operating expenditures of TYNGD LLC in case it has a liquidity deficit. There is no such commitment provided to Vankor India as it is an operating company.

The following summarises the financial information of the Company's joint ventures based on the audited financial statements as at and for period ended 31 December 2017 prepared in accordance with FRS and modified for differences for alignment to the Company's accounting policies. No reliable financial information with respect of joint ventures was available for the period from 1 January to 31 March 2018. Management has assessed the movements for this period in the amounts of balances and transactions based on management accounts, changes in the business environment and any potential impairment indicators. As a result, management has concluded that no significant adjustment of share in net result of joint ventures is required.

Summarised financial information of joint ventures

Summarised balance sheet

	Taas India 31 December 2017 US\$	Vankor India 31 December 2017 US\$	Total 31 December 2017 US\$
Current assets	652,715	124,441,797	125,094,512
Includes:			
- Cash and short-term deposits	652,715	124,424,456	125,077,171
- Other assets	—	17,341	17,341
Non-current assets	1,408,737,090	2,005,484,304	3,414,221,394
Current liabilities	(231,968)	(87,319,816)	(87,551,784)
Non-current liabilities	(81,441,065)	—	(81,441,065)

	Taas India 31 December 2016 US\$	Vankor India 31 December 2016 US\$	Total 31 December 2016 US\$
Current assets	1,481,456	452,527	1,933,983
Includes:			
- Cash and short-term deposits	1,481,456	452,527	1,933,983
Non-current assets	1,238,157,007	1,912,204,019	3,150,361,026
Current liabilities	(76,103)	(86,853,486)	(86,929,589)
Non-current liabilities	—	—	—

Summarised statement of comprehensive income

	Taas India 31 December 2017 US\$	Vankor India 31 December 2017 US\$	Total 31 December 2017 US\$
Share in (loss)/profit of joint venture/associate	(21,071,399)	186,515,451	165,444,052
Interest income from banks and related parties	—	1,434,868	1,434,868
Other gain	2,061	641,748	643,809
Expenses	(1,773,134)	(12,780,250)	(14,553,384)
(Loss)/profit before tax	(22,842,472)	175,811,817	152,969,345
Income tax expense	—	(217,560)	(217,560)
(Loss)/profit for the year	(22,842,472)	175,594,257	152,751,785
Other comprehensive income	103,145,784	123,208,968	226,354,752
Total comprehensive income	80,303,312	298,803,225	379,106,537

	Taas India 31 December 2016 US\$	Vankor India 31 December 2016 US\$	Total 31 December 2016 US\$
Share in (loss)/profit of joint venture/associate	(9,360,948)	54,763,496	45,402,548
Other losses	(400)	—	(400)
Expenses	(100,715)	(184,392)	(285,107)
(Loss)/profit before tax	(9,462,063)	54,579,104	45,117,041
Income tax expense	—	—	—
(Loss)/profit for the period	(9,462,063)	54,579,104	45,117,041
Other comprehensive income	31,287,914	72,810,258	104,098,172
Total comprehensive income	21,825,851	127,389,362	149,215,213

Reconciliation of summarised financial information

	Taas India 31 December 2017 US\$	Vankor India 31 December 2017 US\$	Total 31 December 2017 US\$
Net assets attributable to equity holders			
At 1 January 2017	1,239,562,360	1,912,567,060	3,152,129,420
(Loss)/profit for the period	(22,842,472)	175,594,257	152,751,785
Other comprehensive income for the period	103,145,784	123,208,968	226,354,752
Dividends paid	—	(82,000,000)	(82,000,000)
Contribution from shareholders	7,851,100	—	7,851,100
Reclassification to loan from shareholder	—	(86,764,000)	(86,764,000)
At 31 December 2017	1,327,716,772	2,042,606,285	3,370,323,057
At 31 December 2017 – Carrying value			
Interest in joint venture (33.5%; 33.5%)	444,785,119	684,273,105	1,129,058,224
Carrying value	444,785,119	684,273,105	1,129,058,224

	Taas India 31 December 2016 US\$	Vankor India 31 December 2016 US\$	Total 31 December 2016 US\$
Net assets attributable to equity holders			
At date of incorporation	1,217,736,509	1,785,177,698	3,002,914,207
- (Loss)/profit for the period	(9,462,063)	54,579,104	45,117,041
- Other comprehensive income for the period	31,287,914	72,810,258	104,098,172
At 31 December 2016	<u>1,239,562,360</u>	<u>1,912,567,060</u>	<u>3,152,129,420</u>
At 31 December 2016 – Carrying value			
Interest in joint venture (33.5%; 33.5%)			
Carrying value	<u>415,253,391</u>	<u>640,709,965</u>	<u>1,055,963,356</u>

5 Cash and cash equivalents

	2018 US\$	2017 US\$
Current		
Cash at bank	497,388	2,687
Fixed deposits	15,600,000	–
	<u>16,097,388</u>	<u>2,687</u>

6 Other assets

	2018 US\$	2017 US\$
Non-current		
Deposits for office rental	<u>52,038</u>	<u>32,043</u>
Current		
Prepaid rental	53,154	11,504
Other receivables	59,911	–
	<u>113,065</u>	<u>11,504</u>

7 Share capital

	2018 Ordinary shares No. of shares	2017 Ordinary shares No. of shares
At 1 April 2017/13 May 2016 (date of incorporation)	712,758,450	1,000
Issued during the year/period	18,232,520	712,757,450
At 31 March	<u>730,990,970</u>	<u>712,758,450</u>

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital base to support its business and maximise shareholders' value.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

The share capital includes US\$1,000 for which the shares have not been allotted at reporting date.

8 Borrowings

	2018 US\$	2017 US\$
Non-current Borrowings	296,313,895	295,393,000
Represented by:		
- Bank borrowings	300,000,000	300,000,000
- Transaction costs	(3,686,105)	(4,607,000)
	296,313,895	295,393,000

All bank borrowings are unsecured.

The bank borrowings taken by the Company will mature on 31 March 2022 and has an interest rate at LIBOR plus 0.68% per annum.

9 Trade and other payables

	2018 US\$	2017 US\$
Trade payable to third parties	65,470,375	—
Accrued expenses	137,649	48,745
Accrued interest	63,924	13,852
Amount payable to holding company	876,013	378,167
	66,547,961	440,764

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities Accrued interest US\$	Total US\$
Balance at 1 April 2017	13,852	13,852
Changes from financing cash flows		
Interest paid	(6,002,110)	(6,002,110)
Total changes from financing cash flows	(6,002,110)	(6,002,110)
Other changes		
Liability-related		
Interest expense on bank borrowings	6,052,182	6,052,182
Total liability-related other changes	6,052,182	6,052,182
Balance at 31 March 2018	63,924	63,924

10 Other operating expenses

		Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
	Note		
Professional fees		63,767	36,998
Audit fees		17,428	20,000
Staff costs	12	392,612	—
Rental on operating leases		141,244	13,074
Depreciation		3,818	—
Others		71,844	—
		<u>690,713</u>	<u>70,072</u>

11 Finance costs

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Interest expense on bank borrowings	6,052,182	2,045,024
Guarantee fees to holding company	760,417	375,000
Amortisation of facilities fees	920,895	78,917
Bank charges and commitment fees	36,028	743
	<u>7,769,522</u>	<u>2,499,684</u>

12 Staff costs

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Wages, salaries and allowances	380,816	—
Other expenses	11,796	—
	<u>392,612</u>	<u>—</u>

Included in staff costs is costs recharged by holding corporation amounting to US\$99,871 (2017: US\$Nil).

13 Tax expense

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Current tax expense		
- Current year/period	—	—
Reconciliation of effective tax rate		
Profit before tax	43,822,423	12,544,489
Income tax using Singapore tax rate at 17% (2017: 17%)	7,449,812	2,132,563
Tax effect of:		
Result of equity-accounted investee presented net of tax	(8,699,214)	(2,569,415)
Non-deductible expenses	1,249,402	436,852
	—	—

14 Related party balances and transactions

The following significant balances and transactions between the Company and its related parties took place during the year at terms agreed between the parties:

Loans receivable from joint ventures

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Non-current		
Loan to Taas India Pte Ltd	20,923,638	—
Current		
Loan to Vankor India Pte Ltd	29,065,940	—

The loans to joint ventures are unsecured and interest free. Management expects the loan due from Taas India Pte Ltd to be repaid by 31 March 2020 and the loan due from Vankor India Pte Ltd to be repaid by 31 December 2018.

Transaction with Holding Company

	Year ended 31/3/2018 US\$	Period from 13/5/2016 (date of incorporation) to 31/3/2017 US\$
Revenue	262,736,629	—
Guarantee commission	760,417	375,000
Reimbursement of expenses	12,762	3,167
Staff cost	99,871	—
	<hr/>	<hr/>
<u>Balance with Holding Company</u>		
Trade receivable	65,579,207	—
Other payables	876,013	—
	<hr/>	<hr/>

15 Operating lease commitments

Operating lease commitments – where the Company is a lessee

The Company leases office space under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at 31 March 2018 but not recognised as liabilities, are as follows:

	2018 US\$	2017 US\$
Not later than one year	146,975	129,022
Between one and five years	134,727	247,292
	<hr/>	<hr/>
	281,702	376,314
	<hr/>	<hr/>

16 Financial risk management

The Company has exposure to the following risks from financial instruments:

- market risk;
- credit risk; and
- liquidity risk.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Review of proposed investments and compliance with target asset allocations is monitored by the Board of Directors on a regular basis.

Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, other price changes – will affect the Company's income or the fair value of its holdings of financial instruments.

The Company's strategy for the management of market risk is driven by the Company's investment objective of making investments in income generating assets in target markets. Market risks are monitored regularly by the Board of Directors in accordance with the policies and procedures in place.

Interest rate risk

The Company's interest rate risk arises mainly from borrowings. Bank borrowings with variable interest rates expose the Company to interest rate risk. For details of the Company's borrowings, including interest rate profiles, refer to Note 8 of these financial statements.

A reasonably possible change of 50 basis points (2017: 100 basis points) in interest rates at the reporting date would have increased/(decreased) profit or loss by amounts shown below:

	Profit or (loss)	
	Increase	Decrease
	US\$	US\$
At 31 March 2018		
Variable-rate instruments	(1,500,000)	(1,500,000)
Sensitivity (net)	(1,500,000)	(1,500,000)
At 31 March 2017		
Variable-rate instruments	(3,000,000)	3,000,000
Sensitivity (net)	(3,000,000)	3,000,000

The Company periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument that will fluctuate because of changes in foreign exchange rates. The Company is not significantly exposed to the effects of changes in foreign exchange rates.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash and cash equivalents and trade receivable from holding company.

At the reporting date, there was no significant concentration of credit risk other than the trade receivable from holding company. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with parties that meet the credit standards laid down in the Company's risk management policies. Further, the credit risk is monitored regularly by the Board of Directors in accordance with the policies and procedures in place.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its commitments associated with financial liabilities. Liquidity risk may emanate from inability to sell a financial asset quickly at an amount close to its fair value.

The Company monitors the liquidity risk and maintains adequate financing and obtains support from its immediate holding company for the Company's operations and to mitigate the effects of fluctuations in cash flows.

Contractual maturity for financial liabilities

The table below analyses the maturity profile of the financial liabilities of the Company based on contractual undiscounted cash flows:

	Carrying value US\$	Total US\$	Contractual cash flows		
			Between 1 to 3 months US\$	Between 3 to 12 months US\$	Between 1 and 5 years US\$
At 31 March 2018					
Borrowings	296,313,895	326,073,600	1,629,600	4,888,800	319,555,200
Trade and other payables	66,547,961	66,547,961	66,547,961	—	—
	<u>362,861,856</u>	<u>392,621,561</u>	<u>68,177,561</u>	<u>4,888,800</u>	<u>319,555,200</u>
At 31 March 2017					
Borrowings	295,393,000	324,900,000	1,245,000	3,735,000	319,920,000
Other payables	440,764	440,764	440,764	—	—
	<u>295,833,764</u>	<u>325,340,764</u>	<u>1,685,764</u>	<u>3,735,000</u>	<u>319,920,000</u>

17 Fair values of financial instruments

Financial assets and liabilities

The fair value of short term financial assets and liabilities approximate their carrying amounts.

The carrying amount of the bank borrowings approximates fair value as the interest rates are based on the prevailing market interest rate available to the Company.

The carrying amounts of the loans to joint ventures, denominated in United States Dollar, approximate fair value.

18 Capital commitment

The Company has entered into an agreement with Shell Overseas Holding Ltd (Seller) to acquire 17% participating interest in the Mukhaizna Oil Field, Oman by acquiring 100% of the share capital in Shell Exploration & Production Oman Ltd. ("SEPOL"). The Company has outstanding capital commitment of US\$329 million (2017: US\$Nil) payable within the next one month from the reporting date. The acquisition of SEPOL was completed on 5th April 2018 and will be financed through issuance of shares to the immediate holding company.