**BPRL International Singapore Pte. Ltd.**
**Registration Number: 201612883G**

Annual Report
Year ended 31 December 2019

# Directors' statement

We are pleased to submit this annual report to the member of BPRL International Singapore Pte. Ltd. ("the Company") together with the audited financial statements for the year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS31 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of 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 (International); 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:

Mr. Atit Pradip Shah
Mr. Jitender Pershad Waghray
Mr. Tan Tow Siang (Chen Daoxiang)

## 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 of the financial year, or at the end of the financial year, except as disclosed below:

| | Holdings at beginning of the period | Holdings at end of the period |
|---|---|---|
| **Immediate Holding Company**<br>**Bharat PetroResources Limited** | **Ordinary shares fully paid** | |
| Jitender Pershad Waghray | 10* | 10* |

* Nominee shareholder (jointly with Bharat Petroleum Corporation Limited)

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 options.

## Auditors

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

On behalf of the Board of Directors

DocuSigned by:
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**Atit Pradip Shah**
*Director*

DocuSigned by:
14E9304B873C4AC...

**Tan Tow Siang (Chen Daoxiang)**
*Director*

19 May 2020

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

# Independent auditors' report

Member of the Company
BPRL International Singapore Pte. Ltd.

## Report on the audit of the financial statements

*Opinion*

We have audited the financial statements of BPRL International Singapore Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2019, 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 FS31.

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 Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the financial position of the Company as at 31 December 2019 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.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of investments in joint ventures<br>(Refer to Note 4 of the Financial Statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2019, the carrying amount of the Company's interests in joint ventures amounted to $1,248,850,754 (2018: $1,026,988,441), approximating 96% (2018: 95%) of the Company's total assets.<br><br>Investments in joint ventures are carried at cost and adjusted for the Company's share of the profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Company. The Company is required to assess whether there is any indicator that the investments in joint ventures may be impaired. When such indicator exists, the Company's carrying amount of investments in joint ventures needs to be assessed for impairment. The management has assessed that there is no indicator that the investments in joint ventures is impaired based on the profits generated by the joint ventures.</td><td>We have assessed the appropriateness of management's accounting in the Company's share of profit and other comprehensive income in joint ventures.<br><br>We have also reviewed the working papers of component auditors and held discussion with them to ensure that the work performed and evidence obtained by the component auditors were sufficient for our purpose and that we concur with the basis of conclusion reached by the component auditors.<br><br>We reviewed management's process for identifying the existence of impairment indicators in respect of the investments in joint ventures.<br><br>Findings<br><br>The Company's share of profit and other comprehensive income in joint ventures have been appropriately accounted for in its Statement of Comprehensive Income using the equity method.<br><br>We found management's process for identifying the existence of impairment indicators in respect of the Company's interests in joint ventures to be consistent with the relevant accounting standards. We found the conclusion made by management that there is no indicator that the investments in joint ventures is impaired to be supported by available evidence.</td></tr>
</table>

*Other information*

Management is responsible for the other information. The other information comprise the below section in the Annual Report (but does not include the financial statements and our auditors' report thereon):

- Directors' statement

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 will 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 SFRS(I)s, 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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.

The engagement partner on the audit resulting in this independent auditors' report is Shelley Chan Hoi Yi.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
19 May 2020

## Statement of financial position
## As at 31 December 2019

| | Note | 2019 US$ | 2018 US$ |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in joint ventures | 4 | 1,248,850,754 | 1,026,988,441 |
| Loan receivable from joint ventures | 12 | – | 21,301,210 |
| Other assets | 6 | 1,522,751 | 1,988,339 |
| | | 1,250,373,505 | 1,050,277,990 |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 40,407,079 | 22,371,642 |
| Loan receivable from joint ventures | 12 | 13,205,751 | 6,192,120 |
| Other assets | 6 | 534,152 | 532,866 |
| | | 54,146,982 | 29,096,628 |
| **Total assets** | | 1,304,520,487 | 1,079,374,618 |
| **Equity** | | | |
| Share capital | 7 | 336,585,630 | 299,585,630 |
| Retained earnings | | 157,903,669 | 89,599,257 |
| Currency translation reserve | | 36,883,764 | (74,012,181) |
| **Total equity** | | 531,373,063 | 315,172,706 |
| **Non-current liability** | | | |
| Borrowings | 8 | 750,000,000 | 750,000,000 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 9,245,957 | 91,318 |
| Borrowings | 8 | 13,894,616 | 14,105,971 |
| Income tax payable | | 6,851 | 4,623 |
| | | 23,147,424 | 14,201,912 |
| **Total liabilities** | | 773,147,424 | 764,201,912 |
| **Total equity and liabilities** | | 1,304,520,487 | 1,079,374,618 |

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

**Statement of comprehensive income**
**Year ended 31 December 2019**

| | Note | Year ended 31 December 2019 US$ | For the financial period from 1 April 2018 to 31 December 2018 US$ |
|---|---|---|---|
| Share of profit of joint ventures | | 104,006,390 | 97,843,479 |
| Interest income from banks and related parties | | 1,466,125 | 757,965 |
| Foreign exchange gain/(loss) - net | | 359 | (1,011) |
| Other operating expenses | | (176,207) | (50,107) |
| Finance costs | 10 | (36,985,404) | (27,958,535) |
| **Profit before tax** | | 68,311,263 | 70,591,791 |
| Tax expense | 11 | (6,851) | (9,027) |
| **Profit for the year** | | 68,304,412 | 70,582,764 |
| **Other comprehensive income/(loss):** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Share of foreign currency translation reserves of equity-accounted investees | | 110,895,945 | (183,061,646) |
| **Other comprehensive income/(loss), net of tax** | | 110,895,945 | (183,061,646) |
| **Total comprehensive income/(loss) for the year/period** | | 179,200,357 | (112,478,882) |

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

**Statement of changes in equity**
**Year ended 31 December 2019**

| | Share capital US$ | Retained earnings US$ | Currency translation reserve US$ | Total equity US$ |
|---|---|---|---|---|
| **At 1 April 2018** | 282,085,630 | 19,016,493 | 109,049,465 | 410,151,588 |
| **Total comprehensive income for the period** | | | | |
| Profit for the period | – | 70,582,764 | – | 70,582,764 |
| **Other comprehensive income** | | | | |
| Share of foreign currency translation reserves of equity-accounted investees | – | – | (183,061,646) | (183,061,646) |
| **Total other comprehensive income/(loss)** | – | – | (183,061,646) | (183,061,646) |
| **Total comprehensive income/(loss) for the period** | – | 70,582,764 | (183,061,646) | (112,478,882) |
| **Transactions with owners, recognised directly in equity** | | | | |
| **Contributions by and distribution to owners** | | | | |
| Issuance of shares | 17,500,000 | – | – | 17,500,000 |
| **Total contributions by owners of the Company** | 17,500,000 | – | – | 17,500,000 |
| **At 31 December 2018** | 299,585,630 | 89,599,257 | (74,012,181) | 315,172,706 |

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

**Statement of changes in equity (cont'd)**
**Year ended 31 December 2019**

| | Share capital US$ | Retained earnings US$ | Currency translation reserve US$ | Total equity US$ |
|---|---|---|---|---|
| **At 1 January 2019** | 299,585,630 | 89,599,257 | (74,012,181) | 315,172,706 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | – | 68,304,412 | – | 68,304,412 |
| **Other comprehensive income** | | | | |
| Share of foreign currency translation reserves of equity-accounted investees | – | – | 110,895,945 | 110,895,945 |
| **Total other comprehensive income** | – | – | 110,895,945 | 110,895,945 |
| **Total comprehensive income for the year** | – | 68,304,412 | 110,895,945 | 179,200,357 |
| **Transactions with owners, recognised directly in equity** | | | | |
| **Contributions by and distribution to owners** | | | | |
| Issuance of shares | 37,000,000 | – | – | 37,000,000 |
| **Total contributions by owners of the Company** | 37,000,000 | – | – | 37,000,000 |
| **At 31 December 2019** | 336,585,630 | 157,903,669 | 36,883,764 | 531,373,063 |

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

**Statement of cash flows**
**Year ended 31 December 2019**

| | Year ended 31 December 2019 US$ | For the financial period from 1 April 2018 to 31 December 2018 US$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year/period | 68,304,412 | 70,582,764 |
| Adjustments for: | | |
| - Share of profit of joint ventures | (104,006,390) | (97,843,479) |
| - Interest expense | 36,520,638 | 27,605,446 |
| - Amortisation of loan facility fees | 464,766 | 350,167 |
| - Interest income | (1,466,125) | (757,965) |
| - Income tax expense | 6,851 | 9,027 |
| | (175,848) | (54,040) |
| Changes in: | | |
| - Other assets | (10,826) | – |
| - Other payables | 40,744 | (54,295) |
| Cash used in operations | (145,930) | (108,335) |
| Income tax paid | (4,623) | (4,404) |
| **Net cash used in operating activities** | (150,553) | (112,739) |
| | | |
| **Cash flows from investing activities** | | |
| Investment in joint ventures | (6,100,100) | – |
| Dividends received from joint ventures | 8,250,000 | – |
| Repayment of loan joint venture | 15,597,120 | 22,440,000 |
| Interest received | 166,946 | – |
| **Net cash from investing activities** | 17,913,966 | 22,440,000 |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from shares issuance | 37,000,000 | 17,500,000 |
| Interest paid | (36,727,976) | (19,293,323) |
| **Net cash from/(used in) financing activities** | 272,024 | (1,793,323) |
| | | |
| **Net increase in cash and cash equivalents** | 18,035,437 | 20,533,938 |
| Cash and cash equivalents at 1 January 2019/1 April 2018 | 22,371,642 | 1,837,704 |
| **Cash and cash equivalents at 31 December** | 40,407,079 | 22,371,642 |

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 of the Company on 19 May 2020.

## 1 Incorporation and principal activities

BPRL International Singapore Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 8 Cross Street, #24-03/04, Manulife Tower, Singapore 048424.

The Company's principal activity is holding of investments. The Company's immediate holding company is Bharat PetroResources Limited, which is incorporated in India. The ultimate holding company is Bharat Petroleum Corporation Limited, which is also 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 (International) ("SFRS(I)"). These financial statements prepared under SFRS(I) are in compliance with International Financial Reporting Standards (IFRS).

### 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 SFRS(I) 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 note 4 – impairment of joint ventures: key assumptions underlying recoverable amounts.

### 2.5 Interpretations and amendments to published standards effective in 2019

The Company has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

## 3 Significant accounting policies

### 3.1 Investment in joint ventures (equity-accounted investees)

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. They are 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 the equity-accounted investees, 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 investees, 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 comprehensive income.

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 comprehensive income.

## 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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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 generally recognised in profit or loss.

***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 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

### (i) Recognition and initial measurement

***Non-derivative financial assets and financial liabilities***

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

### (ii) Classification of subsequent measurement

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level1 because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables and borrowings.

**(iii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial 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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

## 3.4 Impairment

### (i) Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

***Simplified approach***

The Company applies the simplified approach to provide for ECLs on loan receivable from joint ventures. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**(ii) Joint venture**

An impairment loss in respect of joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

**(iii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Company of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (Company of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**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.

## 3.5 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income; and
- Interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### 3.6 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset only if certain criteria are met.

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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 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.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries of the Company. 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 taxable profits improve.

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.

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 expense in the period that such a determination is made.

### 3.7 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

## 4 Investments in joint ventures

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| At beginning of year/period | 1,026,988,441 | 1,112,206,608 |
| Share of profit of existing joint ventures | 119,216,368 | 97,843,479 |
| Share of other comprehensive income/(loss) of existing joint ventures | 110,895,945 | (183,061,646) |
| Dividends received from existing joint ventures | (8,250,000) | – |
| | 1,248,850,754 | 1,026,988,441 |
| Investment in a new joint venture | 6,100,100 | – |
| Share of loss of new joint venture | (15,209,978) | – |
| Reclassification of assumed liability towards new joint venture | 9,109,878 | – |
| At end of year/period | 1,248,850,754 | 1,026,988,441 |

The Company has three (2018: two) joint ventures that are material to the Company. These joint ventures are structured as separate vehicles and the Company has a residual interest in Taas India Pte. Ltd.'s, Vankor India Pte. Ltd's and Urja Bharat Pte. Limited's net assets. Accordingly, the Company has classified its interest in the investments as joint venture, which are equity-accounted.

The Company has commitment to support Taas India Pte. Ltd. with 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 Pte. Ltd.

As at reporting date, a commitment of US$9,109,878 has been recognised in trade and other payables in note 9, in relation to the Company's share of loss exceeding its interest in Urja Bharat Pte. Limited, as the Company has an obligation to fund the investee's operations.

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 2019 % | 2018 % |
|---|---|---|---|---|
| Directly held | | | | |
| TAAS India Pte. Ltd.* ("Taas India") | Investment Holding | Singapore | 33.0 | 33.0 |
| Vankor India Pte. Ltd.* ("Vankor India") | Investment Holding | Singapore | 33.0 | 33.0 |
| Urja Bharat Pte. Limited.* ("Urja Bharat") | Oil and gas exploration and extraction | Singapore | 50.0 | – |

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

Details of the investee companies are as follows:

| Name of investee company | Principal activity | Country of incorporation/ Principal place of business | Percentage of effective equity interest 2019 % | 2018 % |
|---|---|---|---|---|
| Indirectly held | | | | |
| Held by Taas India: TYNGD LLC * | Oil production and exploration | Russian Federation | 9.9 | 9.9 |
| Held by Vankor India: JSC Vankorneft * | Oil production and exploration | Russian Federation | 7.9 | 7.9 |

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

The following summarises the financial information of the Company's joint ventures based on the financial statements as at and for year ended 31 December 2019 prepared in accordance with SFRS(I) and modified for differences for alignment to the Company's accounting policies.

Summarised financial information of joint ventures

*Summarised balance sheet*

| | **Taas India 31 December 2019 US$** | **Vankor India 31 December 2019 US$** | **Urja Bharat For the financial period from 12 February 2019 (date of incorporation) to 31 December 2019 US$** | **Total 31 December 2019 US$** |
|---|---|---|---|---|
| **Current assets** | 278,581,909 | 657,281,921 | 829,782 | 936,693,612 |
| Includes: | | | | |
| - Cash and short-term deposits | 277,479,484 | 653,226,975 | 811,727 | 931,518,186 |
| - Other assets | 1,102,425 | 4,054,946 | 18,055 | 5,175,426 |
| **Non-current assets** | 1,270,574,872 | 1,626,843,769 | 11,651,287 | 2,909,069,928 |
| **Current liabilities** | 43,700,600 | 5,119,261 | 30,700,824 | 79,520,685 |
| **Non-current liabilities** | – | 66,389 | – | 66,389 |

| | **Taas India 31 December 2018 US$** | **Vankor India 31 December 2018 US$** | **Total 31 December 2018 US$** |
|---|---|---|---|
| **Current assets** | 56,336,046 | 326,613,054 | 382,949,100 |
| Includes: | | | |
| - Cash and short-term deposits | 56,132,577 | 326,474,274 | 382,606,851 |
| - Other assets | 203,469 | 138,780 | 342,249 |
| **Non-current assets** | 1,182,401,263 | 1,632,702,128 | 2,815,103,391 |
| **Current liabilities** | (257,090) | (20,439,956) | (20,697,046) |
| **Non-current liabilities** | (65,269,260) | – | (65,269,260) |

*Summarised statement of comprehensive income*

| | **Taas India** | **Vankor India** | **Urja Bharat For the financial period from 12 February 2019 (date of incorporation) to** | **Total** |
|---|---|---|---|---|
| | **31 December 2019 US$** | **31 December 2019 US$** | **31 December 2019 US$** | **31 December 2019 US$** |
| Share of profit of joint venture/ associate | 213,949,438 | 186,105,916 | – | 400,055,354 |
| Interest income from banks and related parties | 4,535,062 | 12,241,932 | – | 16,776,994 |
| Other income | – | 49,641 | – | 49,641 |
| Other loss | (2,396,888) | (7,366,376) | (147) | (9,763,411) |
| Expenses | (6,655,016) | (3,736,261) | (30,419,808) | (40,811,085) |
| **Profit/(Loss) before tax** | 209,432,596 | 187,294,852 | (30,419,955) | 366,307,493 |
| Income tax expense | (13,859,667) | (21,606,061) | – | (35,465,728) |
| **Profit/(Loss) for the year/period** | 195,572,929 | 165,688,791 | (30,419,955) | 330,841,765 |
| Other comprehensive income | 136,672,293 | 199,376,024 | – | 336,048,317 |
| **Total comprehensive income/(loss)** | 332,245,222 | 365,064,815 | (30,419,955) | 666,890,082 |

| | **Taas India 31 December 2018 US$** | **Vankor India 31 December 2018 US$** | **Total 31 December 2018 US$** |
|---|---|---|---|
| Share of profit of joint venture/associate | 81,495,726 | 233,964,802 | 315,460,528 |
| Interest income from banks and related parties | 310,123 | 6,567,126 | 6,877,249 |
| Other gain/(loss) | 1,100,667 | (3,940,893) | (2,840,226) |
| Expenses | (7,994,326) | (13,904,758) | (21,899,084) |
| **Profit before tax** | 74,912,190 | 222,686,277 | 297,598,467 |

| | **Taas India 31 December 2018 US$** | **Vankor India 31 December 2018 US$** | **Total 31 December 2018 US$** |
|---|---|---|---|
| Income tax expense | (26,330) | (1,076,750) | (1,103,080) |
| **Profit for the period** | 74,885,860 | 221,609,527 | 296,495,387 |
| Other comprehensive loss | (229,391,673) | (325,340,586) | (554,732,259) |
| **Total comprehensive loss** | (154,505,813) | (103,731,059) | (258,236,872) |

Reconciliation of summarised financial information

| | **Taas India 31 December 2019 US$** | **Vankor India 31 December 2019 US$** | **Urja Bharat For the financial period from 12 February 2019 (date of incorporation) to 31 December 2019 US$** | **Total 31 December 2019 US$** |
|---|---|---|---|---|
| **Net assets attributable to equity holders** | | | | |
| **At beginning of year/period** | 1,173,210,959 | 1,938,875,226 | – | 3,112,086,185 |
| Profit/(Loss) for the year/period | 195,572,929 | 165,688,791 | (30,419,955) | 330,841,765 |
| Other comprehensive income/(loss) for the year/period | 136,672,293 | 199,376,024 | – | 336,048,317 |
| Dividends paid | – | (25,000,000) | – | (25,000,000) |
| **At end of year/period** | 1,505,456,181 | 2,278,940,041 | (30,419,955) | 3,753,976,267 |
| **At end of year – Carrying value** | | | | |
| Interest in joint venture (33.0%; 33.0%; 50%) | | | | |
| Carrying value | 496,800,540 | 752,050,214 | –* | 1,248,850,754 |

* *The cost of investment in Urja Bharat Pte. Limited. had been reduced and recorded at zero due to the losses made*

| | Taas India 31 December 2018 US$ | Vankor India 31 December 2018 US$ | Total 31 December 2018 US$ |
|---|---|---|---|
| **Net assets attributable to equity holders** | | | |
| **At beginning of period** | 1,327,716,772 | 2,042,606,285 | 3,370,323,057 |
| Profit for the period | 74,885,860 | 221,609,527 | 296,495,387 |
| Other comprehensive loss for the period | (229,391,673) | (325,340,586) | (554,732,259) |
| **At end of period** | 1,173,210,959 | 1,938,875,226 | 3,112,086,185 |
| | | | |
| **At end of period – Carrying value** | | | |
| Interest in joint venture (33.0%; 33.0%) | | | |
| Carrying value | 387,159,616 | 639,828,825 | 1,026,988,441 |

## 5 Cash and cash equivalents

| | 2019 US$ | 2018 US$ |
|---|---|---|
| Cash at bank | 40,407,079 | 22,371,642 |

## 6 Other assets

| | 2019 US$ | 2018 US$ |
|---|---|---|
| **Non-current** | | |
| Other receivables | 1,522,751 | 1,988,339 |
| | | |
| **Current** | | |
| Other receivables | 527,546 | 532,866 |
| Deposit | 6,606 | – |
| | 534,152 | 532,866 |

## 7 Share capital

| | 2019 Ordinary shares No. of shares | 2018 Ordinary shares No. of shares |
|---|---|---|
| At beginning of year/period | 299,585,630 | 282,085,630 |
| Issued during the year/period | 37,000,000 | 17,500,000 |
| At end of year/period | 336,585,630 | 299,585,630 |

*Currency translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the Company's share of translation reserves from equity accounted joint ventures.

*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.

## 8 Borrowings

| | 2019 US$ | 2018 US$ |
|---|---|---|
| **Non-current** | | |
| Bank borrowings | 150,000,000 | 150,000,000 |
| Bonds | 600,000,000 | 600,000,000 |
| | 750,000,000 | 750,000,000 |
| **Current** | | |
| Accrued interest on bank borrowings | 572,612 | 773,166 |
| Accrued interest on bonds | 12,010,274 | 12,010,274 |
| Guarantee fees payable to ultimate holding company | 1,311,730 | 1,322,531 |
| | 13,894,616 | 14,105,971 |

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

| | Liabilities | |
|---|---|---|
| | **Borrowings US$** | **Total US$** |
| **Balance at 1 April 2018** | 755,793,848 | 755,793,848 |
| **Changes from financing cash flows activities** | | |
| Finance costs paid | (19,293,323) | (19,293,323) |
| **Total changes from financing cash flows activities** | (19,293,323) | (19,293,323) |
| **Other changes** | | |
| **Liability-related** | | |
| Charge to profit or loss | 27,605,446 | 27,605,446 |
| **Total liability-related other changes** | 27,605,446 | 27,605,446 |
| **Balance at 31 December 2018** | 764,105,971 | 764,105,971 |

| | Liabilities | |
|---|---|---|
| | **Borrowings** | **Total** |
| | **US$** | **US$** |
| **Balance at 1 January 2019** | 764,105,971 | 764,105,971 |
| **Changes from financing cash flows activities** | | |
| Finance costs paid | (36,727,976) | (36,727,976) |
| **Total changes from financing cash flows activities** | (36,727,976) | (36,727,976) |
| **Other changes** | | |
| **Liability-related** | | |
| Charge to profit or loss | 36,516,621 | 36,516,621 |
| **Total liability-related other changes** | 36,516,621 | 36,516,621 |
| **Balance at 31 December 2019** | 763,894,616 | 763,894,616 |

All borrowings are unsecured.

On 18 January 2017, the Company issued bonds through a private placement on Singapore Exchange with a maturity period of 10 years and a fixed coupon rate of 4.375%, payable on half yearly basis.

The bank borrowings taken by the Company will mature on 2 October 2022 and has an interest rate at margin of 0.90% plus 3-month LIBOR.

Both the bonds and bank borrowings are guaranteed by the Company's ultimate holding company, Bharat Petroleum Corporation Limited (BPCL).

## 9 Trade and other payables

| | 2019 | 2018 |
|---|---|---|
| | US$ | US$ |
| Accrued expenses | 98,515 | 85,643 |
| Non-trade payable to holding company | 37,564 | 5,675 |
| Amount due to joint venture | 9,109,878 | – |
| | 9,245,957 | 91,318 |

Non-trade payable to holding company pertains to recharges payable to the parent Company (Bharat PetroResources Limited).

Amount due to joint venture pertains to the commitment to joint venture described in note 4.

## 10 Finance costs

| | Year ended 31 December 2019 US$ | For the financial period from 1 April 2018 to 31 December 2018 US$ |
|---|---|---|
| Interest expense on bonds | 26,250,000 | 19,957,192 |
| Interest expense on bank borrowings | 5,030,422 | 3,695,035 |
| Guarantee fees to holding corporation | 5,236,199 | 3,953,219 |
| Amortisation of loan facility fees | 464,766 | 350,167 |
| Bank charges | 4,017 | 2,922 |
| | 36,985,404 | 27,958,535 |

## 11 Tax expense

| | Year ended 31 December 2019 US$ | For the financial period from 1 April 2018 to 31 December 2018 US$ |
|---|---|---|
| **Current tax expense** | | |
| - Current year/period | 6,851 | 9,027 |
| ***Reconciliation of effective tax rate*** | | |
| Profit before tax | 68,311,263 | 70,591,791 |
| Income tax using Singapore tax rate at 17% (2018: 17%) | 11,612,915 | 12,000,604 |
| Effect of result of equity-accounted investee presented net of tax | (17,681,086) | (16,633,391) |
| Non-deductible expenses | 6,075,022 | 4,641,814 |
| | 6,851 | 9,027 |

## 12 Related party balances and transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, 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

| | 2019 US$ | 2018 US$ |
|---|---|---|
| **Non-current** | | |
| Loan to Taas India Pte Ltd | – | 21,301,210 |
| | | |
| **Current** | | |
| Loan to Taas India Pte Ltd | 13,205,751 | – |
| | | |
| **Current** | | |
| Loan to Vankor India Pte Ltd | – | 6,192,120 |

The loans to joint ventures are denominated in United States Dollar, unsecured and interest free. During the year, repayment of the loans to Vankor India Pte Ltd and Taas India Pte Ltd amounting to US$6,192,120 (2018: US$22,440,000) and US$9,405,000 respectively, was received by the Company. Management expects the outstanding amount of the loan to Taas India Pte Ltd to be repaid by the maturity date on 31 March 2020.

The gross amount of the loans due from Taas India Pte Ltd, denominated in United States Dollar, is discounted to determine its fair value.

The loan due from Vankor India Pte Ltd, denominated in United States Dollar, is a financial asset whose carrying amounts approximate fair value, because of their short-term nature and low credit risks of counterparty.

*Key management personnel compensation*

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and monitoring the activities of the Company. The directors of the Company are considered as key management personnel.

Key management personnel compensation comprised:

| | Year ended 31 December 2019 US$ | For the financial period from 1 April 2018 to 31 December 2018 US$ |
|---|---|---|
| Salaries & bonuses | 36,691 | – |
| Directors' fees | 15,214 | 4,275 |
| Other employee benefits | 22,821 | – |
| | 74,726 | 4,275 |

## 13 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.

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 has issued fixed interest rate bonds which are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

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

A reasonably possible change of 100 basis points (2018: 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 December 2019** | | |
| Variable-rate instruments | (1,500,000) | 1,500,000 |
| Sensitivity (net) | (1,500,000) | 1,500,000 |
| **At 31 December 2018** | | |
| Variable-rate instruments | (1,500,000) | 1,500,000 |
| Sensitivity (net) | (1,500,000) | 1,500,000 |

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 loans to join ventures and cash and cash equivalents.

At the reporting date, there was no significant concentration of credit risk other than the loans receivable from joint ventures. 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 major classes of financial assets are cash and cash equivalents, other assets and loans receivable from joint ventures.

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.

*Risk management*

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company adopts the policy of dealing with financial institutions with high credit ratings rated by independent rating agencies.

There are no significant concentration of credit risk, other than concentration risk in investment in joint ventures and loans receivables from joint ventures.

*Credit rating*

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the general approach. These categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

| **Category of internal credit rating** | **Definition of category** | **Basis for recognition of expected credit losses** |
|---|---|---|
| Performing | Customers have a low risk of default and a strong capacity to meet contractual cash flows | 12-month expected credit losses |

| **Category of internal credit rating** | **Definition of category** | **Basis for recognition of expected credit losses** |
|---|---|---|
| Under-performing | Customers negotiating for new credit terms, default in repayment and other relevant indicators that showed customers' deteriorating financial condition | Lifetime expected credit losses |
| Non-performing | Interest and/or principal payment are 90 days past due | Lifetime expected credit losses |
| Write-off | Customers with no reasonable expectation of recovery | Asset is written off |

*Impairment of financial assets*

The Company has applied the simplified approach which requires expected lifetime credit losses to be recognised from initial recognition of the loan receivable from joint ventures. In calculating the expected credit loss rates, the Company considers historical loss rates and adjusts for forward-looking macroeconomic data.

As at 1 January 2019 and 31 December 2019, the Company has insignificant credit risk exposure in relation to loan receivable from joint ventures under SFRS(I) 9.

*Cash and cash equivalents*

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowance on cash and cash equivalents was negligible.

Other than the above, there are no credit loss allowance for other financial asset at amortised cost as at 31 December 2019.

*Financial assets that are neither past due nor impaired*

Cash and bank balances are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Loans and other receivables that are neither past due nor impaired are substantially corporations with a good collection track record with the Company.

**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 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$ | Contractual cash flows<br>Total US$ | Up to 1 year US$ | Between 1 and 3 years US$ | Between 3 and 5 years US$ | More than 5 years US$ |
|---|---|---|---|---|---|---|
| **At 31 December 2019** | | | | | | |
| Borrowings | 763,894,616 | (982,250,500) | (36,747,000) | (221,949,750) | (61,140,000) | (662,413,750) |
| Trade and other payables | 9,245,957 | (9,245,957) | (9,245,957) | – | – | – |
| **At 31 December 2018** | | | | | | |
| Borrowings | 764,105,971 | (1,017,723,750) | (36,747,000) | (73,494,000) | (215,772,750) | (692,983,750) |
| Trade and other payables | 91,318 | (91,318) | (91,318) | – | – | – |

## 14 Fair values of financial instruments

*Measurement of fair values*

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values of non-financial assets and liabilities are disclosed in the relevant notes specific to those non-financial assets or liabilities. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the non-current borrowings are within Level 1 of the fair value hierarchy. Level 1 of the fair value hierarchy refers to fair values derived based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

The fair value of the current financial liabilities and current financial assets approximate their carrying amounts, because of their short-term nature and the high credit quality of counterparties.

All other assets are discounted to determine their fair value.

*Accounting classifications and fair values*

| | | Carrying amount | | | |
|---|---|---|---|---|---|
| | **Note** | **Amortised cost US$** | **Other financial liabilities US$** | **Total US$** | **Fair value US$** |
| **31 December 2019** | | | | | |
| Cash and cash equivalents | 5 | 40,407,079 | – | 40,407,079 | – |
| Other assets | 6 | 2,056,903 | – | 2,056,903 | – |
| Loan receivable from joint ventures | 12 | 13,205,751 | – | 13,205,751 | – |
| | | 55,669,733 | – | 55,669,733 | – |
| Borrowings | 8 | – | 763,894,616 | 763,894,616 | – |
| Other payables | 9 | – | 9,245,957 | 9,245,957 | – |
| | | – | 773,140,573 | 773,140,573 | – |
| **31 December 2018** | | | | | |
| Cash and cash equivalents | 5 | 22,371,642 | – | 22,371,642 | – |
| Other assets | 6 | 2,521,205 | – | 2,521,205 | – |
| Loan receivable from joint ventures | 12 | 27,493,330 | – | 27,493,330 | – |
| | | 52,386,177 | – | 52,386,177 | – |
| Borrowings | 8 | – | 764,105,971 | 764,105,971 | – |
| Other payables | 9 | – | 91,318 | 91,318 | – |
| | | – | 764,197,289 | 764,197,289 | – |

The fair values of the non-current borrowings are within Level 1 of the fair value hierarchy. Level 1 of the fair value hierarchy refers to fair values derived based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

The fair value of the current financial liabilities and current financial assets approximate their carrying amounts, because of their short-term nature and the high credit quality of counterparties.

All other assets are discounted to determine their fair value.

## 15 Subsequent events

The coronavirus (COVID-19) outbreak since early 2020 has brought about significant uncertainties in the Company's operating environment and has impacted the Company's financial position subsequent to year end.

On 11 March 2020, the World Health Organisation declared COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments took stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by decline in oil prices, more volatile asset prices and currency exchange rates. For the Company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. However, the COVID-19 outbreak is still ongoing. Given the rapidly evolving circumstances, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

## 16 Comparative information

In 2018, the Company changed its financial year end from 31 March to 31 December, in order to align its year-end to its equity-accounted investees. Accordingly, the comparative financial period covers the 9 months from 1 April 2018 to 31 December 2018. The current financial period covers the 12 months starting 1 January 2019 to 31 December 2019.

## 17 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of BPRL International Singapore Pte. Ltd. on 19 May 2020.