

*Directors' Statement and
Audited Financial Statements*

***BPRL International Singapore
Pte. Ltd.***

(Co. Reg. No. 201612883G)

For the financial year ended 31 December 2023

General Information

Directors

Barboza Floyd John Kiran	
Teng Hong Joc	(Appointed on 8 September 2023)
Undemane Shankara Narayana Bhat	
Tan Tow Siang	(Resigned on 8 September 2023)

Secretary

Michael Craig Lawrence

Independent Auditor

HLB Atrede LLP

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Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of BPRL International Singapore Pte. Ltd. (the "Company") for the financial year ended 31 December 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; 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.

2. DIRECTORS

The directors of the Company in office at the date of this statement are

Barboza Floyd John Kiran
Teng Hong Joe
Undemane Shankara Narayana Bhat

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of director's shareholdings required to be kept under section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares of its related corporations as stated below.

Name of director	Ordinary shares in which a director is deemed to have an interest	
	At beginning of year	At end of year
<i>Ultimate holding company</i> <i>Bharat Petroleum Corporation Limited</i>		
Undemane Shankara Narayana Bhat	7,975	7,975

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Directors' Statement - continued

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Name of director	Ordinary shares in which a director is deemed to have an interest	
	At beginning of year	At end of year
<i>Immediate holding company</i>		
<i>Bharat PetroResources Limited</i>		
Undemane Shankara Narayana Bhat	10	10
<i>Related company</i>		
<i>Bharat PetroResources JPDA Limited</i>		
Undemane Shankara Narayana Bhat	10	10

Except as disclosed above, no other director who held office as at the end of the financial year has interests in shares, share options, warrants or debentures of the Company, or of related corporations, at the end of financial year.

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

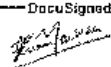
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

6. INDEPENDENT AUDITOR

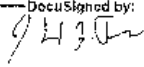
The independent auditor, HLB Atrede LLP, has expressed its willingness to accept reappointment as auditor.

On behalf of the board of directors

DocuSigned by:

C459B89F8AB24EA

Barboza Floyd John Kiran
Director

19 April 2024

DocuSigned by:

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Teng Hong Joe
Director

Independent Auditor's Report
to the member of BPRL International Singapore Pte. Ltd.
(Co. Reg. No. 201612883G)

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 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 2023 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 Auditor's 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 (ACRA) 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. The other information comprises the Directors' Statement.

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.

Independent Auditor's Report
to the member of BPRL International Singapore Pte. Ltd. - continued
(Co. Reg. No. 201612883G)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report
to the member of BPRI International Singapore Pte. Ltd. - continued
(Co. Reg. No. 201612883G)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 control 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.

HLB ATREDE LLP

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
19 April 2024

BPRL International Singapore Pte. Ltd.
(Co. Reg. No. 201612883G)

Statement of Financial Position as at 31 December 2023

	Note	2023 US\$	2022 US\$
Non-current assets			
Plant and equipment	5	–	2,348
Right-of-use assets	6	47,026	124,913
Investment in joint ventures	7	770,079,412	982,021,955
Other receivables	8	337,207	501,973
		<u>770,463,645</u>	<u>982,651,189</u>
Current assets			
Other receivables	8	2,962,199	266,950
Amount due from a joint venture	9	14,640	2,040
Cash and cash equivalents	10	187,952,497	36,033,866
		<u>190,929,336</u>	<u>36,302,856</u>
Total assets		<u>961,392,981</u>	<u>1,018,954,045</u>
Current liabilities			
Other payables	11	12,020,383	11,991,803
Amount due to immediate holding company	12	26,463	22,469
Amount due to ultimate holding company	13	1,088,877	1,088,877
Lease liabilities	14	45,468	80,342
Tax payable	15	954,293	118,827
		<u>14,135,484</u>	<u>13,302,318</u>
Non-current liabilities			
Lease liabilities	14	2,921	51,419
Interest-bearing loans	16	600,000,000	600,000,000
		<u>600,002,921</u>	<u>600,051,419</u>
Total liabilities		<u>614,138,405</u>	<u>613,353,737</u>
Net current assets		176,793,852	23,000,538
Net assets		<u>347,254,576</u>	<u>405,600,308</u>
Equity attributable to owner of the Company			
Share capital	17	336,585,630	336,585,630
Accumulated profits		212,963,009	171,989,160
Foreign currency translation reserve	18	(202,294,063)	(102,974,482)
Total equity		<u>347,254,576</u>	<u>405,600,308</u>

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

BPRL International Singapore Pte. Ltd.
(Co. Reg. No. 201612883G)

Statement of Comprehensive Income for the financial year ended 31 December 2023

	Note	2023 US\$	2022 US\$
Interest income from short-term deposits		5,654,803	717,336
Other income	19	57,120	57,600
Depreciation on plant and equipment	5	(2,348)	(16,959)
Depreciation on right-of-use assets	6	(77,887)	(81,177)
Staff costs	20	(184,470)	(121,031)
Finance costs	21	(30,742,158)	(32,558,875)
Foreign exchange adjustment, (loss)/gain		(5,977)	3,097
Other expenses		(97,979)	(109,091)
Share of results of joint ventures	7	<u>67,327,038</u>	<u>(2,777,312)</u>
Profit/(loss) before tax		41,928,142	(34,886,412)
Income tax expense	22	<u>(954,293)</u>	<u>(118,827)</u>
Profit/(loss) for the year		40,973,849	(35,005,239)
Other comprehensive income:			
<i>Items that maybe reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(99,319,581)</u>	<u>33,860,751</u>
Total comprehensive loss for the year		<u>(58,345,732)</u>	<u>(1,144,488)</u>

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

Statement of Changes in Equity for the financial year ended 31 December 2023

	Share capital US\$	Accumulated profits US\$	Foreign currency translation reserve US\$	Total US\$
Balance at 1 January 2022	336,585,630	206,994,399	(136,835,233)	406,744,796
Loss for the year	—	(35,005,239)	—	(35,005,239)
Other comprehensive income				
- Share of foreign currency translation gain from joint ventures	—	—	33,860,751	33,860,751
Total comprehensive (loss)/income for the year	—	(35,005,239)	33,860,751	(1,144,488)
Balance at 31 December 2022	336,585,630	171,989,160	(102,974,482)	405,600,308
Profit for the year	—	40,973,849	—	40,973,849
Other comprehensive income				
- Share of foreign currency translation loss from joint ventures	—	—	(99,319,581)	(99,319,581)
Total comprehensive income/(loss) for the year	—	40,973,849	(99,319,581)	(58,345,732)
Balance at 31 December 2023	<u>336,585,630</u>	<u>212,963,009</u>	<u>(202,294,063)</u>	<u>347,254,576</u>

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

Statement of Cash Flows for the financial year ended 31 December 2023

	2023 US\$	2022 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	41,928,142	(34,886,412)
Adjustments for		
Amortisation of loan facility fee	164,766	870,835
Depreciation of plant and equipment	2,348	16,959
Depreciation of right-of-use assets	77,887	81,177
Share of results of joint ventures	(67,327,038)	2,777,312
Interest income from short-term deposits	(5,654,803)	(717,336)
Interest expense on bank borrowings	–	903,186
Interest expense on bonds	26,250,000	26,106,164
Interest expense on lease liabilities	3,759	6,369
Currency translation loss	(67)	–
Operating loss before working capital changes	(4,555,006)	(4,841,746)
(Increase)/decrease in other receivables	(530,483)	311,135
Increase/(decrease) in other payables	28,580	(314,740)
Cash used in operations	(5,056,909)	(4,845,351)
Tax paid	(118,827)	(11,122)
Net cash flows used in operating activities	(5,175,736)	(4,856,473)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investment in joint ventures	(6,500,000)	(23,000,000)
Return of share capital from a joint venture	95,700,000	–
Advance payment for additional investment in a joint venture	(2,000,000)	–
Interest received from short-term deposits	5,654,803	717,336
Dividend received from joint ventures	90,750,000	135,102,000
Net cash flows from investing activities	183,604,803	112,819,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(26,414,766)	(27,880,185)
Repayment of lease liabilities	(87,064)	(81,645)
Increase in amount due to immediate holding company	3,994	22,469
Decrease in amount due to ultimate holding company	–	(215,453)
Increase in amount due from a joint venture	(12,600)	(2,040)
Repayment of interest-bearing loan	–	(125,000,000)
Net cash flows used in financing activities	(26,510,436)	(153,156,854)
 Net increase/(decrease) in cash and cash equivalents	 151,918,631	 (45,193,991)
Cash and cash equivalents at beginning of year	36,033,866	81,227,857
Cash and cash equivalents at end of year	187,952,497	36,033,866

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

Notes to the Financial Statements - 31 December 2023

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. FUNDAMENTAL ACCOUNTING CONCEPT

The Company holds significant investment in the joint ventures with interests in the Russian Federation as disclosed in Note 7 of the financial statements. The commencement of the special military operations in Ukraine by the Russian Federation in February 2022 and severe sanctions imposed by the United States of America, the European Union and numerous other countries on the Russian government is considered a significant event to the Company and the oil and gas industry as this may have an impact on the price of oil as supply may be limited globally.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern, which is highly dependent on the Company's ability to obtain funding and generate sufficient cash flows from operations.

The directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements based on the following

- (a) Management has prepared a cash flow forecast which shows that the Company will have adequate funds for its operational requirements and to meet its debt obligations as and when they fall due for at least 12 months from the end of the financial year, having taken into account of the funds available and cash flows to be generated from the investment in joint ventures and the potential effects of Russian/Ukraine conflict;
- (b) Borrowings are guaranteed by the ultimate holding company as disclosed in Note 16 to the financial statements;
- (c) Joint venture management has consulted its legal advisor and assessed that the sanctions imposed on Russia not expected to have adverse effect on the Company's investments in the Russia Federation in the immediate term; and
- (d) As at the date of these financial statements, the operations of the joint ventures in Russia, namely JSC Vankorneft and TYNGD LLC, have not been immediately affected by the sanctions and continued uninterrupted as its key customers are based in China which did not imposed any sanctions on the Russian government.

2. CORPORATE INFORMATION

The Company is a private company limited by shares, incorporated and domiciled in Singapore. 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 incorporated and listed in India.

The Company's bonds are listed on the Singapore Exchange Securities Trading Ltd ("SGX-ST").

Notes to the Financial Statements - 31 December 2023

2. CORPORATE INFORMATION (continued)

The Company's registered office and principal place of business is located at 300 Beach Road #34-01A The Concourse Singapore 199555.

The principal activity of the Company is that of investments holding.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS)(I).

The financial statements have been prepared on a historical cost basis except where otherwise described in the material accounting policy information below.

The financial statements are presented in United States Dollar (USD or USS) and all values are rounded to the nearest one-dollar unless otherwise stated.

(b) *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial period beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial statements of the Company.

(c) *Standards issued but not yet effective*

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(d) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

Foreign currency transactions

Transactions in foreign currencies are measured in functional currency and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) *Functional and foreign currency (continued)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are 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 USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at the average exchange rates for the reporting period.

Foreign currency differences are recognised in OCI and presented in the foreign currency translated 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 joint ventures 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.

(c) *Joint ventures*

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 investee's identifiable assets and liabilities 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 investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

The Company account for its investment in joint ventures using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and joint ventures are eliminated to the extent of the interest in the joint ventures.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) *Joint ventures (continued)*

When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in joint ventures. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

(f) *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Fixtures and fittings	...	3 years
Office equipment	—	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at the end of reporting period, and adjusted prospectively, if appropriate.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

▪ ***Amortised cost***

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

▪ ***Fair value through other comprehensive income (FVOCI)***

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Investments in debt instruments (continued)

▪ ***Fair value through profit or loss***

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(iii) *Offsetting of financial instruments*

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

(h) *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) *Impairment of financial assets (continued)*

Credit-impaired financial assets

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

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

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 procedures for recovery of amounts due.

(i) *Impairment of non-financial assets*

The Company assesses at the end of each reporting period whether there is an indication that a non-financial asset, other than investment property accounted for at fair value and inventories may be impaired. If any such an indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generation unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and short-term deposits with a maturity of three months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(k) *Trade and other payables*

Trade and other payables are non-interest bearing and trade payable are normally settled on 30 to 60 days' terms while other payables have an average term of six months.

(l) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) *Borrowings*

Interest-bearing term loans and bonds are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (3(o)).

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of financial year, in which case they are presented as non-current liabilities.

(n) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(n) *Employee benefits (continued)*

(i) *Defined contribution plans (continued)*

In particular, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(o) *Borrowing costs*

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

(p) *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

▪ *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premises	—	2 years
Staff accommodation	—	3 years

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(p) Leases (continued)

As lessee (continued)

▪ *Right-of-use assets (continued)*

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

▪ *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

▪ *Short term and low value leases*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(q) *Interest income*

Interest income is recognised using the effective-interest method.

(r) *Dividend income*

Dividend income is recognised when the Company right to receive payment is established.

(s) *Taxes*

(i) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in the profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Notes to the Financial Statements - 31 December 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) *Taxes (continued)*

(ii) *Deferred tax (continued)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(t) *Related parties*

A related party is defined as follows

- (a) A person or a close member of that person's family is related to the Company if that person
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Notes to the Financial Statements - 31 December 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities as at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

▪ *Estimates and assumptions*

There were no material key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

▪ *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

5. PLANT AND EQUIPMENT

	Fixtures and fittings US\$	Office equipment US\$	Total US\$
Cost			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	48,755	2,122	50,877
Accumulated depreciation			
At 1 January 2022	30,512	1,058	31,570
Charge for the year	16,252	707	16,959
At 31 December 2022 and 1 January 2023	46,764	1,765	48,529
Charge for the year	1,991	357	2,348
At 31 December 2023	48,755	2,122	50,877
Net carrying amount			
At 31 December 2022	1,991	357	2,348
At 31 December 2023	—	—	—

Notes to the Financial Statements - 31 December 2023

6. RIGHT-OF-USE ASSETS

	Office premises US\$	Staff accommodation US\$	Total US\$
Cost			
At 1 January 2022	185,088	—	185,088
Additions	511	101,286	101,797
Disposals	(91,812)	—	(91,812)
At 31 December 2022, 1 January 2023 and 31 December 2023	93,787	101,286	195,073
Accumulated depreciation			
At 1 January 2022	80,795	—	80,795
Charge for the year	48,328	32,849	81,177
Disposals	(91,812)	—	(91,812)
At 31 December 2022 and 1 January 2023	37,311	32,849	70,160
Charge for the year	45,037	32,850	77,887
At 31 December 2023	82,348	65,699	148,047
Net carrying amount			
At 31 December 2022	56,476	68,437	124,913
At 31 December 2023	11,439	35,587	47,026

The Company has lease contracts for office space and staff accommodation. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. The lease terms of the assets are between two to three years (2022: two to three years).

The carrying amounts of lease liabilities and maturity analysis of lease liabilities are presented in Note 14 to the financial statements.

	2023 US\$	2022 US\$
(i) Amounts recognised in statement of profit or loss		
Depreciation of right-of-use assets	77,887	81,177
Interest expense on lease liabilities	3,759	6,369
	<u>81,646</u>	<u>87,546</u>
(ii) The Company's total cash outflow for all the leases amounted to US\$87,064 (2022: US\$81,645) in 2023.		

Notes to the Financial Statements - 31 December 2023

7. INVESTMENT IN JOINT VENTURES

	2023 US\$	2022 US\$
Balance at beginning of year	982,021,955	1,063,040,516
Share of profit/(loss)	67,327,038	(2,777,312)
Share of other comprehensive (loss)/income	(99,319,581)	33,860,751
Additional investment	6,500,000	23,000,000
Distribution of paid-up share capital	(95,700,000)	-
Dividends received	(90,750,000)	(135,102,000)
Balance at end of year	<u>770,079,412</u>	<u>982,021,955</u>

During the financial year, TAAS India Pte. Ltd. and Vankor India Pte. Ltd., cancelled 140,000,000 and 150,000,000 issued and fully paid-up ordinary shares by way of capital reduction amounted to US\$140,000,000 (2022: US\$Nil) and US\$150,000,000 (2022: US\$Nil) respectively.

Details of the joint ventures as at 31 December are as follows.

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
TAAS India Pte. Ltd.* ("TAAS India")	Singapore	Investment holding	33	33
Vankor India Pte. Ltd.* ("Vankor India")	Singapore	Investment holding	33	33
URJA Bharat Pte. Limited* ("URJA Bharat")	Singapore	Oil and gas exploration and extraction	50	50
<i>Indirectly held through TAAS India</i> TYNGD LLC #	Russian Federation	Oil production and exploration	9.9	9.9
<i>Indirectly held through Vankor India</i> JSC Vankorneft #	Russian Federation	Oil production and exploration	7.9	7.9

* Audited by HLB Atreide LLP

Audited by other firm

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

Notes to the Financial Statements - 31 December 2023

7. INVESTMENT IN JOINT VENTURES (continued)

Summarised financial information of joint ventures

Summarised statement of financial position

	TAAS India	Vankor India	URJA Bharat	Total
	US\$	US\$	US\$	US\$
2023				
Current assets	498,894,853	368,158,585	6,941,995	873,995,433
Non-current assets	464,255,258	907,605,507	83,283,977	1,455,144,742
Total assets	963,150,111	1,275,764,092	90,225,972	2,329,140,175
Current liabilities	2,662,558	1,907,560	22,721,487	27,291,605
Non-current liabilities	19,327	–	–	19,327
Total liabilities	2,681,885	1,907,560	22,721,487	27,310,932
Net assets	960,468,226	1,273,856,532	67,504,485	2,301,829,243
Less: Share application monies	–	–	(2,000,000)	(2,000,000)
	960,468,226	1,273,856,532	65,504,485	2,299,829,243
Proportion of the Company's ownership	33%	33%	50%	
Company's share of net assets	316,954,514	420,372,656	32,752,242	770,079,412
Carrying amount of the investment	316,954,514	420,372,656	32,752,242	770,079,412
2022				
Current assets	660,386,855	528,760,647	16,046,139	1,205,193,641
Non-current assets	616,121,701	1,086,232,994	65,615,603	1,767,970,298
Total assets	1,276,508,556	1,614,993,641	81,661,742	2,973,163,939
Current liabilities	1,448,136	1,192,646	24,196,314	26,837,096
Non-current liabilities	64,263	41,878	–	106,141
Total liabilities	1,512,399	1,234,524	24,196,314	26,943,237
Net assets	1,274,996,157	1,613,759,117	57,465,428	2,946,220,702
Proportion of the Company's ownership	33%	33%	50%	
Company's share of net assets	420,748,732	532,540,509	28,732,714	982,021,955
Carrying amount of the investment	420,748,732	532,540,509	28,732,714	982,021,955

Notes to the Financial Statements - 31 December 2023

7. INVESTMENT IN JOINT VENTURES (continued)

Summarised financial information of joint ventures (continued)

Summarised statement of comprehensive income

	TAAS India	Vankor India	URJA Bharat	Total
	US\$	US\$	US\$	US\$
2023				
Share of results of joint ventures, net of tax	165,272,607	120,917,266	–	286,189,873
Interest income from banks	19,735,545	18,288,743	–	38,024,288
Other (charges)/credits	(45,237,065)	(30,006,675)	191	(75,243,549)
Expenses	(1,534,841)	(1,352,822)	(4,961,134)	(7,848,797)
Profit/(loss) before tax	138,236,246	107,846,512	(4,960,943)	241,121,815
Tax expense	(22,633,768)	(11,911,080)	–	(34,544,848)
Profit/(loss) for the year	115,602,478	95,935,432	(4,960,943)	206,576,967
Other comprehensive income	(110,130,409)	(190,838,017)	–	(300,968,426)
Total comprehensive income/(loss)	5,472,069	(94,902,585)	(4,960,943)	(94,391,459)

2022

Share of results of joint ventures, net of tax	72,620,743	49,656,681	–	122,277,424
Interest income from banks	7,767,102	8,580,130	–	16,347,232
Other (charges)/credits	(51,310,796)	(31,769,335)	12	(83,080,119)
Expenses	(1,578,103)	(1,339,452)	(25,488,176)	(28,405,731)
Profit/(loss) before tax	27,498,946	25,128,024	(25,488,164)	27,138,806
Tax expense	(16,268,030)	(6,156,607)	–	(22,424,637)
Profit/(loss) for the year	11,230,916	18,971,417	(25,488,164)	4,714,169
Other comprehensive income	62,079,247	40,529,089	–	102,608,336
Total comprehensive income/(loss)	73,310,163	59,500,506	(25,488,164)	107,322,505

Reconciliation of summarised financial information

2023

Net assets attributable to equity holders

Balance at beginning of year	1,274,996,157	1,613,759,117	57,465,428	2,946,220,702
Total comprehensive income/(loss) for the year	115,602,478	95,935,432	(4,960,943)	206,576,967
Additional investment from shareholders	–	–	13,000,000	13,000,000
Return of paid-up share capital	(140,000,000)	(150,000,000)	–	(290,000,000)
Other comprehensive income	(110,130,409)	(190,838,017)	–	(300,968,426)
Dividends paid	(180,000,000)	(95,000,000)	–	(275,000,000)
Balance at end of year	960,468,226	1,273,856,532	65,504,485	2,299,829,243

Proportion of the Company's ownership	33%	33%	50%	
Carrying amount of the investment	316,954,514	420,372,656	32,752,242	770,079,412

Notes to the Financial Statements - 31 December 2023

7. INVESTMENT IN JOINT VENTURES (continued)

Summarised financial information of joint ventures (continued)

Reconciliation of summarised financial information (continued)

	TAAS India	Vankor India	URJA Bharat	Total
	US\$	US\$	US\$	US\$
2022				
Net assets attributable to equity holders				
Balance at beginning of year	1,361,685,994	1,803,658,611	36,953,592	3,202,298,197
Total comprehensive income/ (loss) for the year	11,230,916	18,971,417	(25,488,164)	4,714,169
Additional investment from shareholders	—	—	46,000,000	46,000,000
Other comprehensive income	62,079,247	40,529,089	—	102,608,336
Dividends paid	(160,000,000)	(249,400,000)	—	(409,400,000)
Balance at end of year	<u>1,274,996,157</u>	<u>1,613,759,117</u>	<u>57,465,428</u>	<u>2,946,220,702</u>
Proportion of the Company's ownership	33%	33%	50%	
Carrying amount of the investment	<u>420,748,732</u>	<u>532,540,509</u>	<u>28,732,714</u>	<u>982,021,955</u>

8. OTHER RECEIVABLES

	2023	2022
	US\$	US\$
<i>Non-current</i>		
Prepayment	<u>337,207</u>	<u>501,973</u>
<i>Current</i>		
Advance payment for additional investment in a joint venture	2,000,000	—
Deposit	20,482	23,724
Prepayment	169,239	170,427
Sundry receivables	<u>772,478</u>	<u>72,799</u>
	<u>2,962,199</u>	<u>266,950</u>

During the year, the Company made an additional investment in one of its joint ventures, URJA Bharat Pte. Limited. The additional investment was paid in advance with the final share certificate issued on 6 February 2024.

9. AMOUNT DUE FROM A JOINT VENTURE

The amount due is non-trade related, unsecured, repayable upon demand and is to be settled in cash.

Notes to the Financial Statements - 31 December 2023

10. CASH AND CASH EQUIVALENTS

	2023 US\$	2022 US\$
Cash at banks	5,952,497	1,033,866
Short-term deposits	<u>182,000,000</u>	<u>35,000,000</u>
	<u>187,952,497</u>	<u>36,033,866</u>

Short-term deposits are placed for a period of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates of between 5.92% to 6.20% (2022: 4% to 4.15%) per annum.

Cash and cash equivalents denominated in foreign currency as at 31 December are as follows

Singapore Dollar	<u>68,536</u>	<u>49,855</u>
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11. OTHER PAYABLES

Accrued expenses	82,027	53,447
Interest payables	<u>11,938,356</u>	<u>11,938,356</u>
	<u>12,020,383</u>	<u>11,991,803</u>

12. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due is non-trade related, unsecured, repayable upon demand and is to be settled in cash.

13. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due is non-trade related, unsecured, repayable upon demand and is to be settled in cash.

14. LEASE LIABILITIES

Current	45,468	80,342
Non-current	<u>2,921</u>	<u>51,419</u>
	<u>48,389</u>	<u>131,761</u>

Maturity analysis

Year 1	46,321	84,084
Year 2	2,921	46,285
Year 3	--	5,987
	<u>49,242</u>	<u>136,356</u>
Less: Unearned interest	<u>(853)</u>	<u>(4,595)</u>
	<u>48,389</u>	<u>131,761</u>

Notes to the Financial Statements - 31 December 2023

14. LEASE LIABILITIES (continued)

A reconciliation of liabilities arising from financing activities is as follows

	1.1.2023	Cash flows	Non-cash changes			31.12.2023
			Acquisition	Accretion of interests	Foreign exchange adjustment	
	US\$	US\$	US\$	US\$	US\$	US\$
Lease liabilities	131,761	(87,064)	—	3,759	(67)	48,389

	1.1.2022	Cash flows	Non-cash changes			31.12.2022
			Acquisition	Accretion of interests	Foreign exchange adjustment	
	US\$	US\$	US\$	US\$	US\$	US\$
Lease liabilities	105,240	(81,645)	101,797	6,369	—	131,761

15. TAX PAYABLE

	2023	2022
	US\$	US\$
Balance at beginning of year	118,827	11,122
Current year's tax expense on profit	954,302	118,824
Income tax paid	(118,827)	(11,122)
(Over)/under provision in respect of prior years	(9)	3
Balance at end of year	954,293	118,827

16. INTEREST-BEARING LOANS

Non-current

Bonds	600,000,000	600,000,000
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On 18 January 2017, the Company issued bonds through a private placement on the Singapore Exchange with a maturity period of 10 years, and a fixed coupon rate of 4.375% per annum, payable on half-yearly basis.

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

As at 31 December 2023, the fair value of the bond payables amounted to approximately US\$584,004,000 (2022: US\$564,138,000), which was determined based on the last traded price and at Level 1 of the fair value hierarchy.

Notes to the Financial Statements - 31 December 2023

16. INTEREST-BEARING LOANS (continued)

A reconciliation of liabilities arising from financing activities is as follows

	1.1.2023	Cash flows	Non-cash changes		31.12.2023
	US\$	US\$	Acquisition US\$	Accretion of interests US\$	US\$
Interest-bearing loans, non-current	600,000,000	—	—	—	600,000,000

	1.1.2022	Cash flows	Non-cash changes		31.12.2022
	US\$	US\$	Acquisition US\$	Accretion of interests US\$	US\$
Interest-bearing loans, current	125,000,000	(125,000,000)	—	—	—
Interest-bearing loans, non-current	600,000,000	—	—	—	600,000,000

17. SHARE CAPITAL

	2023		2022	
	Number of shares	US\$	Number of shares	US\$
<i>Issued and fully paid</i>				
Ordinary shares	336,585,630	336,585,630	336,585,630	336,585,630

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

18. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises the Company's share of translation reserve from its equity-accounted joint ventures.

19. OTHER INCOME

	2023 US\$	2022 US\$
Service income	57,120	57,600

Notes to the Financial Statements - 31 December 2023

20. STAFF COSTS

	2023 US\$	2022 US\$
Wages and salaries	105,572	94,580
Other employee benefits	78,898	26,451
	<u>184,470</u>	<u>121,031</u>

21. FINANCE COSTS

Amortisation of loan facility fee	164,766	870,835
Guarantee fee to ultimate holding company	4,320,000	4,668,196
Interest expense on bank borrowings	—	903,186
Interest expense on bonds	26,250,000	26,106,164
Interest expense on lease liabilities	3,759	6,369
Others	3,633	4,125
	<u>30,742,158</u>	<u>32,558,875</u>

22. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

The major component of income tax expense for the years ended 31 December 2023 and 2022 are

Statement of comprehensive income

Current tax expense	954,302	118,824
(Over)/under provision in respect of prior years	(9)	3
	<u>954,293</u>	<u>118,827</u>

(ii) *Relationship between tax expense and accounting profit/(loss)*

The reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate for the years ended 31 December 2023 and 2022 are as follows

Profit/(loss) before tax	<u>41,928,142</u>	<u>(34,886,412)</u>
Tax expense/(benefit) on profit/(loss) before tax at 17%	7,127,784	(5,930,690)
Adjustments		
Effects of results of joint ventures, net of tax	(11,445,596)	472,143
Non-deductible expenses	5,285,104	5,590,005
Income exemption	(12,990)	(12,634)
(Over)/under provision in respect of prior years	(9)	3
Total tax expense	<u>954,293</u>	<u>118,827</u>

Notes to the Financial Statements - 31 December 2023

23. RELATED PARTY DISCLOSURES

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and its related parties that took place at terms agreed between the parties during the financial year:

(i) *Significant related party transactions*

	2023 US\$	2022 US\$
<i>Ultimate holding company</i>		
Guarantee fee paid to	<u>4,320,000</u>	<u>4,668,196</u>
<i>Joint venture</i>		
Service income from	<u>57,120</u>	<u>57,600</u>

(ii) *Compensation of key management personnel*

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

Wages and salaries	105,572	94,580
Other employee benefits	<u>78,898</u>	<u>26,451</u>
	<u>184,470</u>	<u>121,031</u>

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and there has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) *Foreign currency risks*

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 except for the investments held by the joint ventures.

Notes to the Financial Statements - 31 December 2023

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) *Interest rate risks*

The Company's exposure to interest rate risk arises primarily from cash and bank balances. 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 periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

(iii) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other debtors and a joint venture. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

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

In order to minimise credit risk, the Company has developed and maintain the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own records to rate its other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories.

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

Notes to the Financial Statements - 31 December 2023

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) *Credit risk (continued)*

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades.

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
2023						
Other receivables	8	Performing	12-month ECL	792,960	—	792,960
Amount due from a joint venture	9	Performing	12-month ECL	14,640	—	14,640
					<u>—</u>	
2022						
Other receivables	8	Performing	12-month ECL	96,523	—	96,523
Amount due from a joint venture	9	Performing	12-month ECL	2,040	—	2,040
					<u>—</u>	

▪ *Exposure to credit risk*

As at the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statement of financial position.

▪ *Credit risk concentration profile*

As at the end of the reporting period, there were no significant concentrations of credit risk.

▪ *Financial assets that are neither past due nor impaired*

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from possible mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

Notes to the Financial Statements - 31 December 2023

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Company's financial assets and financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	Total US\$	Within one year US\$	Within two to five years US\$
2023			
<i>Financial assets</i>			
Other receivables	792,960	792,960	—
Amount due from a joint venture	14,640	14,640	—
Cash and cash equivalents	187,952,497	187,952,497	—
Total undiscounted financial assets	188,760,097	188,760,097	—
<i>Financial liabilities</i>			
Other payables	12,020,383	12,020,383	—
Amount due to immediate holding company	26,463	26,463	—
Amount due to ultimate holding company	1,088,877	1,088,877	—
Lease liabilities	49,242	46,321	2,921
Interest-bearing loans	600,000,000	—	600,000,000
Total undiscounted financial liabilities	613,184,965	13,182,044	600,002,921
Total net undiscounted financial (liabilities)/assets	(424,424,868)	175,578,053	(600,002,921)
2022			
<i>Financial assets</i>			
Other receivables	96,523	96,523	—
Amount due from a joint venture	2,040	2,040	—
Cash and cash equivalents	36,033,866	36,033,866	—
Total undiscounted financial assets	36,132,429	36,132,429	—

Notes to the Financial Statements - 31 December 2023

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) *Liquidity risk (continued)*

Analysis of financial instruments by remaining contractual maturities (continued)

	Total US\$	Within one year US\$	Within two to five years US\$
2022			
<i>Financial liabilities</i>			
Other payables	11,991,803	11,991,803	—
Amount due to immediate holding company	22,469	22,469	—
Amount due to ultimate holding company	1,088,877	1,088,877	—
Lease liabilities	136,356	84,084	52,272
Interest-bearing loans	600,000,000	—	600,000,000
Total undiscounted financial liabilities	<u>613,239,505</u>	<u>13,187,233</u>	<u>600,052,272</u>
Total net undiscounted financial (liabilities)/assets	<u>(577,107,076)</u>	<u>22,945,196</u>	<u>(600,052,272)</u>

25. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts of financial assets and liabilities recorded as at the end of the reporting period by SFRS(I) 9 categories.

	2023 US\$	2022 US\$
<i>Financial assets at amortised cost</i>		
Other receivables	792,960	96,523
Amount due from a joint venture	14,640	2,040
Cash and cash equivalents	<u>187,952,497</u>	<u>36,033,866</u>
	<u>188,760,097</u>	<u>36,132,429</u>
<i>Financial liabilities at amortised cost</i>		
Other payables	12,020,383	11,991,803
Amount due to immediate holding company	26,463	22,469
Amount due to ultimate holding company	1,088,877	1,088,877
Interest-bearing loans	<u>600,000,000</u>	<u>600,000,000</u>
	<u>613,135,723</u>	<u>613,103,149</u>

Notes to the Financial Statements - 31 December 2023

26. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The Company does not anticipate that the carrying amounts recorded as at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

As at the end of the reporting period, the Company does not have any other financial instruments carried at fair value.

27. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain optimal capital structure so as to maximise shareholders value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders, return capital to its shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

The Company monitors its cash flow, debt maturity profile, and overall liquidity position on a regular basis. It is not subject to any externally-imposed capital management.

	2023 US\$	2022 US\$
Other payables	12,020,383	11,991,803
Amount due to immediate holding company	26,463	22,469
Amount due to ultimate holding company	1,088,877	1,088,877
Lease liabilities	48,389	131,761
Interest-bearing loans	600,000,000	600,000,000
Less: Cash and cash equivalents	(187,952,497)	(36,033,866)
Net debt	<u>425,231,615</u>	<u>577,201,044</u>
Equity attributable to the equity holders of the Company	347,254,576	405,600,308
Total capital	<u>347,254,576</u>	<u>405,600,308</u>
Capital and net debt	<u>772,486,191</u>	<u>982,801,352</u>
Gearing ratio	<u>55%</u>	<u>59%</u>

Notes to the Financial Statements - 31 December 2023

28. EVENT OCCURRING AFTER THE REPORTING PERIOD

On 6 February 2024, the Company made an additional investment in one of its joint ventures, URJA Bharat Pte. Limited amounting to US\$5,400,000. The additional investment is reflected in the financial statements based on the issuance of a share certificate for the abovementioned amount.

The additional investment has not resulted in any change in the equity shareholdings in the joint venture.

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a directors' resolution which was dated on the same date as the directors' statement.