

# **CHEMOIL - ADANI PTE. LTD.**

(Registration Number: 200805821C)

**REPORT OF THE DIRECTOR AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

# **CHEMOIL - ADANI PTE. LTD.**

## **REPORT OF THE DIRECTOR AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

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# CHEMOIL - ADANI PTE. LTD.

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of CHEMOIL - ADANI PTE. LTD. (the "company") and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2015.

### 1. DIRECTORS

The directors of the company in office at the date of this report are:

Pranav Vinod Adani  
Rakesh Shantilal Shah  
Frederick Ivor Bendle (Appointed on 24 April 2014)  
Surish Kumar Sharma (Appointed on 13 June 2014)

### 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

### 3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year had no interests in the share capital of the company as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act").

### 4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has substantial financial interest except as disclosed in the financial statements.

## CHEMOIL - ADANI PTE. LTD.

### REPORT OF THE DIRECTORS

5. **OPTIONS TO TAKE UP UNISSUED SHARES**

During the financial year, no option to take up unissued shares of the company was granted.

6. **OPTIONS EXERCISED**

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTION**

At the end of the financial year, there were no unissued shares of the company under option.

8. **INDEPENDENT AUDITORS**

The independent auditors, Rama & Co., Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the board



.....  
Rakesh Shantilal Shah  
Director



.....  
Pranav Vinod Adani  
Director

Date: 2 June 2015

## CHEMOIL - ADANI PTE. LTD.

### STATEMENT BY DIRECTORS

We, being two of the directors of the company, do hereby state that in our opinion:-

- (a) the accompanying financial statements set out on pages 6 to 38 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2015, and of the results, changes in equity and cash flows of the company for the financial year then ended; 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.

On behalf of the board



.....  
Rakesh Shantilal Shah  
Director



.....  
Pranav Vinod Adani  
Director

Date: 2 June 2015



**Rama & Co**

Public Accountants &  
Chartered Accountants  
Singapore

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#05-02 Grand Building

Singapore 048695

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CHEMOIL - ADANI PTE. LTD.**

**Report on the financial statements**

We have audited the accompanying financial statements of **CHEMOIL – ADANI PTE. LTD.** (the "company"), which comprise the statement of financial position as at 31 March 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter. 50 (the "Act") and Singapore Financial Reporting Standards, 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 statement of comprehensive income and statement of financial position and to maintain accountability of assets.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

...2/-



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
CHEMOIL - ADANI PTE. LTD. – cont'd**

**Opinion**

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2015 and the results, changes in equity and cash flows of the company for the year ended on that date.

**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.

*RAMA & CO.*

RAMA & CO.  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS  
SINGAPORE

Date: 2 June 2015



## CHEMOIL - ADANI PTE. LTD.

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Plant and equipment	(8)	7,353,754	7,718,487
Investment in subsidiary	(9)	5,159,867	5,159,867
Total non-current asset		12,513,621	12,878,354
<b>Current assets:</b>			
Inventories	(10)	-	26,058,820
Trade and other receivables	(11)	18,610,922	28,179,094
Other current assets	(12)	1,161,995	907,595
Derivative financial instruments	(13)	-	80,000
Bank balances	(14)	1,022,248	3,852,587
Total current assets		20,795,165	59,078,096
<b>Total assets</b>		<b>33,308,786</b>	<b>71,956,450</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	(15)	10,000,000	10,000,000
Retained earnings		7,485,071	6,627,226
Total equity		17,485,071	16,627,226
<b>Current liabilities:</b>			
Trade and other payables	(16)	15,728,082	36,981,688
Borrowings	(17)	-	18,272,305
Income tax payable	(21)	95,633	75,231
Total current liabilities		15,823,715	55,329,224
<b>Total equity and liabilities</b>		<b>33,308,786</b>	<b>71,956,450</b>

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



## CHEMOIL - ADANI PTE. LTD.

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Revenue	(18)	310,550,451	459,332,211
Cost of goods sold		<u>(297,105,588)</u>	<u>(443,192,850)</u>
Gross profit		13,444,863	16,139,361
Other income	(19)	945,425	1,698,935
Selling and distribution expenses		(10,184,164)	(12,126,905)
Administrative expenses		(2,417,407)	(3,080,962)
Other expenses		(374,134)	(469,031)
Finance costs		<u>(487,866)</u>	<u>(1,463,656)</u>
Profit before income tax		926,717	697,742
Income tax		<u>(68,872)</u>	<u>(91,747)</u>
Profit for the year		857,845	605,995
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>857,845</u>	<u>605,995</u>

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

## CHEMOIL - ADANI PTE. LTD.

### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance as at 1 April 2013	10,000,000	6,021,231	16,021,231
Total comprehensive income for the year	-	605,995	605,995
Balance as at 31 March 2014	10,000,000	6,627,226	16,627,226
Total comprehensive income for the year	-	857,845	857,845
Balance as at 31 March 2015	10,000,000	7,485,071	17,485,071

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

# CHEMOIL - ADANI PTE. LTD.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	<u>Note</u>	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
<b>Cash flows from operating activities</b>			
Profit before income tax		926,717	697,742
Adjustments for:			
Depreciation of plant and equipment		364,733	386,066
Interest expense		169,599	586,311
Operating profit before working capital changes		1,461,049	1,670,119
Inventories		26,058,820	(8,043,206)
Trade and other receivables		9,568,172	(14,217,691)
Other current assets		(254,400)	2,460,165
Derivatives financial instruments		80,000	(100,250)
Trade and other payables		(21,253,606)	12,436,292
Cash from/(used in) operations		15,660,035	(5,794,571)
Income tax paid		(48,470)	(134,556)
<b>Net cash from/(used in) operating activities</b>		<b>15,611,565</b>	<b>(5,929,127)</b>
<b>Cash flows from financing activities:</b>			
(Repayment of) /Proceeds from borrowings		(18,272,305)	10,322,305
Interest paid		(169,599)	(586,311)
<b>Net cash (used in)/from financing activities</b>		<b>(18,441,904)</b>	<b>9,735,994</b>
Net (decrease)/increase in bank balances		(2,830,339)	3,806,867
Bank balances at beginning of year		3,852,587	45,720
<b>Bank balances at end of year</b>	(14)	<b>1,022,248</b>	<b>3,852,587</b>

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

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015

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

#### 1. GENERAL

Chemoil - Adani Pte. Ltd. (the "company") (Registration number: 200805821C) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

1 Temasek Avenue  
#34-01 Millenia Tower  
Singapore 039192

The principal activities of the company are that of ship bunkering and the trading, storage, blending and distribution of marine fuel oil and its related products.

The financial statements of the company for the year ended 31 March 2015 were authorised for issue in accordance with the directors' resolution dated 2 June 2015.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 5.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.1. Basis of Accounting – cont'd

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity on areas when assumption and estimate are significant to the financial statements as disclosed in Note 4.

##### 2.2. Changes in Accounting Policies

###### (a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and are effective for financial periods beginning on or after 1 April 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

###### (b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the company were issued but not effective:

<u>Reference</u>	<u>Description</u>	<u>Effective date (annual periods) beginning on or after</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 19	Amendments to FRS 19: Defined Benefits Plans: Employee Contributions	1 July 2014
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 110, FRS 112, FRS 28	Amendments to FRS 110 and FRS 112 and FRS 28: Investment Entities Applying the Consolidation Exception	1 January 2016
FRS 115	Revenue from Contracts with Customers Illustrative Examples	1 January 2017

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

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.2. Changes in Accounting Policies – cont'd

##### (c) Improvements to FRSs issued in 2014

INT FRS and amendments issued in 2014 that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective date (annual periods) beginning on or after</u>
FRS 16	Revaluation method – proportionate restatement of accumulated depreciation	1 July 2014
FRS 24	Key management personnel	1 July 2014
FRS 19	Discount rate: regional issue	1 January 2016
FRS 103	Scope exceptions for joint ventures	1 July 2014
FRS 113	Scope of paragraph 52 (portfolio exception)	1 July 2014
FRS 105	Changes in methods of disposal	1 January 2016
FRS 107	Servicing contracts	1 January 2016

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The management expects that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

##### 2.3. Functional and Foreign Currency

##### (a) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be United States dollar. Revenue and major operating expenses are primarily influenced by fluctuations in United States dollar. The financial statements of the company are presented in United States dollar.

##### (b) Foreign currency transactions

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

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.4. Plant and Equipment

###### (a) Measurement

Plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

###### (b) Components of costs

The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

###### (c) Depreciation

Depreciation is charged so as to write off the cost of the assets after estimated residual value over their estimated useful lives, using the straight line method as follows:-

	<u>Years</u>
Office and computer equipment	3 - 5
Motor vessel	21-23

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

###### (d) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial period in which it is incurred.

###### (e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to profit or loss.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.5. Subsidiary

Subsidiary is an entity controlled by the company. Control is achieved where the company:

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

The investment in subsidiary is stated at cost less any impairment in the net recoverable value that has been recognised in profit or loss.

The financial statements of its subsidiary have not been consolidated with the company's financial statements for the reason that the company itself is majority owned by Adani Global Ltd, Marutius, whose ultimate holding company, Adani Enterprises Ltd. incorporated in India with registered office at Adani House, Mr Mithakhali Six Road, Navrangpura, Ahmedabad, and Gujarat, India 380,009., prepares the consolidated financial statements. These consolidated financial statements are available for public use.

##### 2.6. Inventories

Inventories are recognised at the point of time the ownership of the commodities is transferred to the company and are derecognised at the point of time when the company transfer the ownership to another party.

Inventories are valued at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price, less estimated costs of completion and selling expenses.

The costs of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provisions are made for inventories with net realisable value lower than cost or for slow moving inventory.

##### 2.7. Impairment of Non-financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.7. Impairment of Non-financial Assets – cont'd

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carry amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 2.8. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities. Revenue is shown, net of sales tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the company and when the specific criteria for each of the company's activities as described below.

Sale of marine fuel products are recognised upon passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.

Chartering income on time charters is recognised when the services are rendered, on a time proportion basis according to the agreements in place.

Revenue from the provision of services is recognised when the services are rendered.

##### 2.9. Employee Benefits

###### (a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution plan.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.9. Employee Benefits – cont'd

###### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrued to employees. Provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period as it is a policy of the company to accumulate any annual leave that has been unutilised as at the end of reporting period.

##### 2.10. Operating lease

Leases of storage area, where substantially all risks and rewards incidentals to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

##### 2.11. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

###### (a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted in country where the company operates by the end of the reporting period .

###### (b) Deferred tax

Deferred income tax is provided, using the balance sheet liability method on all temporary differences at the end of each 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 except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.11. Income Tax – cont'd

##### (b) Deferred tax – cont'd

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is not 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 at 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 reporting period.

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

##### 2.12. Related Party

A related party is a person or an entity related to the company and is further 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 reporting entity;
  - (ii) has significant influence over the reporting entity; 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 and the company if the following conditions applies:
  - (i) the entity and the company are members of the same company which means that each parent, subsidiary and fellow subsidiary;
  - (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a company 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); or
  - (vii) a person identified in (a) (i) has significant influence over the company or is a member of the key management personnel of the company or of a parent of the company.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.12. Related Party – cont'd

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS24.

##### 2.13. Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

##### 2.14. Provisions

Provisions are recognised when the company has a present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.15. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 2. SIGNIFICANT ACCOUNTING POLICIES – cont'd

##### 2.15. Contingent Liabilities and Contingent Assets – cont'd

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

##### 2.16. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

#### 3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company statement of financial position when the company becomes a party to the contractual provisions of the instrument.

##### 3.1. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

##### 3.2. Financial Assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provisions of the financial instruments. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at end of every reporting period.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial Assets – cont'd

###### (a) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan, trade and other receivables and bank balances are classified within loans and receivables on the statement of financial position.

###### (i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

###### (ii) Bank balances

Bank balances comprise of total amount of money held at the banks by the company.

###### (b) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When the trade and other receivable are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.2. Financial Assets – cont'd

###### (c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

##### 3.3. Equity Instruments and Financial Liabilities

Equity instruments and financial liabilities issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument and financial liability. Financial liabilities are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provisions of the financial statements.

###### (a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

###### (b) Financial liabilities

Financial liabilities include trade and other payables and borrowings.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowings including trust receipts are initially measured at fair value (net of transaction costs), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

###### (c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respectively carrying amounts is recognised in profit or loss.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. FINANCIAL INSTRUMENTS – cont'd

##### 3.4. Derivative financial instruments

The company uses commodity forward contracts to manage the financial risks arising from the business activities and the financing of those activities. Commodity forward contracts have all of the following characteristics:

- (i) their value changes in response to the change in the specified commodity price ("the underlying");
- (ii) they require no or only a small initial net investment; and
- (iii) they are settled at a future date.

The derivative financial instruments are, after initial recognition, measured at fair value with the closing price at the end of the reporting period. Changes in the fair value of any derivative instruments are recognised immediately in profit or loss.

##### 3.5. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

##### 4.1. Critical Judgement in Applying the Company's Accounting Policies

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

##### (a) Determination of functional currency

The company measures foreign currency transactions in the respective functional currency of the company. In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and the company's process of determining sales prices.



## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES – cont'd

##### 4.1. Critical Judgement in Applying the Company's Accounting Policies – cont'd

###### (b) Income taxes

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the year in which such determination is made. The carrying amounts of income tax payable as at the end of the reporting period are disclosed in Note 21 to the financial statements.

##### 4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below:

###### (a) Impairment of plant and equipment

The company assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted. The carrying amount of the company's plant and equipment at the end of the reporting period is disclosed in Note 8 to the financial statements.

###### (b) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The company reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the company's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives and residual value could impact the depreciation charges and consequently affect the company's result.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 4. CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES – cont'd

##### 4.2. Key Sources of Estimation Uncertainty – cont'd

##### (c) Impairment of investment in subsidiary

Determining whether investment in subsidiary is impaired requires an estimation of the value in use of the investment and the cash-generating unit to which the investment has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the assets or cash generating unit and a suitable discount rate in order to calculate present value. Management has determined that no impairment is required in respect of the investment in subsidiary.

##### (d) Impairment of trade receivables

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is an objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the company's trade receivables at the end of the reporting period is disclosed in Note 11 to the financial statements.

##### (e) Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the financial assets at the end of the reporting period is disclosed in various notes to the financial statements.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT

##### 5.1. Categories of Financial Assets and Financial Liabilities

	<u>2015</u> US\$	<u>2014</u> US\$
<b><u>Financial assets</u></b>		
<b><u>Loan and receivables</u></b>		
Trade and other receivables	18,610,922	28,179,094
Bank balances	1,022,248	3,852,587
Derivative financial instruments	-	80,000
	<u>19,633,170</u>	<u>32,111,681</u>
<b><u>Financial liabilities</u></b>		
<b><u>Amortised cost</u></b>		
Trade and other payables	15,419,572	36,847,234
Borrowings	-	18,272,305
	<u>15,419,572</u>	<u>55,119,539</u>

##### 5.2. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The director periodically analyses, formulates and monitors the following risks management of the company.

The company adopts a systematic approach towards risk assessment and management. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, monitoring and reporting of risk profile.

##### (a) Credit risk

Credit risk refers to risk that counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its trade and other receivables, loan and other financial assets including cash and cash equivalents. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis. At the end of the reporting period, the company has no significant concentration of credit risk.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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

Trade and other receivables that are neither past due nor impaired are substantially with related parties.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.2. Financial Risks Management Policies and Objectives – cont'd

###### (a) Credit risk – cont'd

*Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired

###### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The company has cash and cash equivalents that are non-interest bearing and fixed deposits that are at fixed rate and therefore has no exposure to cash flow interest rate risk.

The company has borrowings that are at variable rate and therefore is exposed to cash flow interest rate risk.

The company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity management section of this note.

###### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the company's profit for the year ended 31 March 2015 would increase/(decrease) by **US\$166,925** (2014: US\$91,361).

The company's exposure to interest rate on financial assets and liabilities are detailed in the liquidity section of this note.

###### (c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future years.

The company operates internationally and trades mainly in the United States dollar. The company also hold cash and bank balances denominated in foreign currencies for working capital purposes. Foreign exchange exposures are naturally hedged as both trade purchases and sales are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign exchange rates. The company also manages foreign currency risk by closely monitoring the timing of the inception and settlement of the foreign currency transactions.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.2. Financial Risks Management Policies and Objectives – cont'd

##### (c) Foreign currency exchange rate risk – cont'd

No sensitivity analysis has been disclosed as the impact of any changes in foreign currency rate will not be material.

##### (d) Liquidity risk

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the company's reputation.

In the management of liquidity risk, the company monitors and maintain a level of cash deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuation of cash flows. The company's funding is obtained from funds generated from operations and borrowings.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

	Effective interest rate (%)	Less than 1 year US\$	Between 2 to 5 years US\$	Total US\$
<b>2015</b>				
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade and other payables	-	15,419,572	-	15,419,572
	Effective interest rate (%)	Less than 1 year US\$	Between 2 to 5 years US\$	Total US\$
<b>2014</b>				
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade and other payables	-	36,847,234	-	36,847,234
Borrowings	1.9 – 2.35	18,272,305	-	18,272,305
		55,119,539	-	55,253,993

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.2. Financial Risks Management Policies and Objectives – cont'd

###### (d) Liquidity risk – cont'd

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

###### (e) Fair value of financial assets and financial liabilities

###### *Estimation of fair values*

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the company.

###### *Derivatives*

Bunker fuel forward contracts are valued based upon independent valuation derived from commonly quoted market sources as used by those in the oil and gas industry.

###### *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, bank balances, trade and other payables and borrowings approximate their fair values because of the short period to maturity.

###### *Fair value measurement*

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within 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 is not based on observable market data.

During the financial year ended 31 March 2015, there was no transfer between instruments in Level 1, Level 2 and Level 3, or vice versa.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 5. FINANCIAL INSTRUMENT, FINANCIAL RISKS MANAGEMENT, OBJECTIVES AND POLICIES AND CAPITAL RISK MANAGEMENT – cont'd

##### 5.2. Financial Risks Management Policies and Objectives – cont'd

##### (e) Fair value of financial assets and financial liabilities – cont'd

*Fair value measurement – cont'd*

<u>2015</u>	<u>Level 1</u> <u>US\$</u>	<u>Level 2</u> <u>US\$</u>	<u>Level 3</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<b>Assets measured at fair value:</b>				
Derivative financial instrument	-	-	-	-
 <u>2014</u>	 <u>Level 1</u> <u>US\$</u>	 <u>Level 2</u> <u>US\$</u>	 <u>Level 3</u> <u>US\$</u>	 <u>Total</u> <u>US\$</u>
<b>Assets measured at fair value:</b>				
Derivative financial instrument	-	80,000	-	80,000

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

##### 5.3. Capital Risk Management Policies and Objectives

The company manages its capital to ensure that the company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, obtain new borrowings or redemption of borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as trade and other payables plus borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the year.

	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Trade and other payables	15,728,082	36,981,688
Borrowings	-	18,272,305
Less: Bank balances	(1,022,248)	(3,852,587)
Net debt	14,705,834	51,401,406
Total equity	17,485,071	16,627,226
Total capital	32,190,905	68,028,632
Gearing ratio	46%	76%

The company is in compliance with all externally imposed capital requirements.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a subsidiary of Adani Global Limited, incorporated in Mauritius and its ultimate holding company is Adani Enterprise Ltd which is incorporated in India.

#### 7. RELATED PARTY TRANSACTIONS

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

In addition to disclosure of related parties transactions elsewhere in the notes to financial statements, the following significant related party transactions took place during the financial year:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Subsidiary</u>		
Sales of goods	77,696,930	-
Chartering income	5,610,000	4,092,619
Freight expenses	395,280	-
Reimbursements for payments made on behalf of the company	145,488	-
<u>Other related parties</u>		
Sales of goods	29,356,005	182,431,479
Chartering income	3,423,989	4,448,584
Chartered expenses paid on behalf of the company	1,353,010	925,653
Net loss on derivative financial instruments	-	374,245
Purchase of goods	-	136,350,483
Freight expenses	585,000	2,440,009
Reimbursements for payments made on behalf of the company	<u>569,137</u>	<u>1,002,336</u>

Compensation of key management personnel:

The remuneration of key management personnel of the company during the financial year is as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Short-term employee benefits	<u>108,740</u>	<u>505,476</u>



## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 8. PLANT AND EQUIPMENT

	Office & Computer Equipment US\$	Barges US\$	Total US\$
<b>Cost</b>			
At 1.4.2013/2014 and 31.3.2014/2015	3,580	8,500,000	8,503,580
<b>Accumulated depreciation</b>			
At 1.4.2013	2,968	396,059	399,027
Charge for the year	350	385,716	386,066
<b>At 31.03.2014</b>	3,318	781,775	785,093
Charge for the year	262	364,471	364,733
<b>At 31.03.2015</b>	3,580	1,146,246	1,149,826
<b>Carrying amount</b>			
At 31.03.2015	-	7,353,754	7,353,754
<b>At 31.03.2014</b>	262	7,718,225	7,718,487

During the year, the residual values (estimated scrap value at the end of the barges' useful lives) of the barges were estimated at US\$425,000 (2014: Nil). The company has calculated the residual value of the barges taking into consideration cost of scrap steel. The company has applied uniformly the steel scrap value of US\$217 per ton for its barges. The company believes that the assumptions used to determine the scrap rate, through subjective in part because of the cyclical nature of future demand for scrap steel, are reasonable and appropriate.

During the year, the company carried out a review of the recoverable amount of all plant and equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for plant and equipment.

#### 9. INVESTMENT IN SUBSIDIARY

	2015 US\$	2014 US\$
Unquoted equity investment at cost	5,159,867	5,159,867

At the end of the reporting period, the details of the subsidiary are as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Equity holding</u>	
			2015 %	2014 %
Chemoil Adani Private Limited	Supply of petroleum products and rental of storage terminal facilities	India	100	100

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 9. INVESTMENT IN SUBSIDIARY – cont'd

The financial statements of its subsidiary have not been consolidated with the company's financial statements for the reason that the company itself is majority owned by Adani Global Ltd, Marutius, whose ultimate holding company, Adani Enterprises Ltd. incorporated in India with registered office at Adani House, Mr Mithakhali Six Road, Navrangpura, Ahmedabad, and Gujarat, India 380,009., prepares the consolidated financial statements. These consolidated financial statements are available for public use.

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. The review revealed no impairment in value required during the financial year. The recoverable amount of the investment in subsidiary has been determined on the basis of its net assets value at the end of the reporting period as in the opinion of the management of the company, the net assets values of the subsidiary reasonably approximate the fair values less costs to sell.

#### 10. INVENTORIES

	<u>2015</u> US\$	<u>2014</u> US\$
Goods in transit	-	26,058,820

Cost of inventories recognised as expenses and included in "cost of goods sold" amounting to **US\$297,105,587** (2014: US\$443,192,850).

#### 11. TRADE AND OTHER RECEIVABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Trade receivables:		
- subsidiary	350,000	-
- related parties	9,293,462	11,048,935
- third parties	8,967,460	16,529,967
	<u>18,610,922</u>	<u>27,578,902</u>
Other receivables:		
- related parties	-	600,192
	<u>18,610,922</u>	<u>28,179,094</u>

Trade receivables are non-interest bearing and are generally on 30 days' (2014:30 days') credit terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition. The company does not hold any collateral over these balances as these receivables are mainly from customers that have a good credit track record with the company.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 11. TRADE AND OTHER RECEIVABLES – cont'd

Other receivables from related parties are unsecured, interest free and repayable on demand.

Analysis of trade receivables as at end of reporting period are as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Not past due and not impaired	15,903,859	23,808,707
Past due but not impaired	<u>2,707,063</u>	<u>3,770,195</u>
	<u>18,610,922</u>	<u>27,578,902</u>

Ageing of trade receivables that are past due but not impaired.

	<u>2015</u> US\$	<u>2014</u> US\$
1 - 30 days	1,729,026	1,573,724
31 - 60 days	647,517	12,281
61 - 90 days	740	398,378
More than 90 days	<u>329,780</u>	<u>1,785,812</u>
	<u>2,707,063</u>	<u>3,770,195</u>

Receivables that are past due but not impaired related to a number of customers that have a good track record with the company. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The carrying amounts of trade and other receivables, which approximate their fair value, are denominated in United States dollar.

#### 12. OTHER CURRENT ASSETS

	<u>2015</u> US\$	<u>2014</u> US\$
Advances with suppliers	1,051,426	859,261
Deposits	19,970	-
Prepayments	<u>90,599</u>	<u>48,334</u>
	<u>1,161,995</u>	<u>907,595</u>

Advances with suppliers relate to advance money paid to suppliers for purchase of goods and services. Such advances, which are being set off through provision of goods and services are expected to be fulfilled within the next twelve months.

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 12. OTHER CURRENT ASSETS – cont'd

The carrying amount of other current assets, which approximates its fair value are denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
United States dollar	1,142,025	907,595
Indian Rupee	19,970	-
	<u>1,161,995</u>	<u>907,595</u>

#### 13. DERIVATIVE FINANCIAL INSTRUMENTS 2015

	<u>Contractual</u> <u>Notional value</u> US\$	<u>Fair value</u> US\$
Commodities Contract	-	-

<u>2014</u>	<u>Contractual</u> <u>Notional value</u> US\$	<u>Fair value</u> US\$
Commodities Contract	<u>6,107,500</u>	<u>80,000</u>

The settlement dates of open contract are less than 12 months from the end of the reporting period and are denominated in United States dollar.

Derivatives are categorised as financial assets at fair value through profit or loss unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise, they are classified as non-current.

#### 14. BANK BALANCES

	<u>2015</u> US\$	<u>2014</u> US\$
Cash at bank	<u>1,022,248</u>	<u>3,852,587</u>

The carrying amount of bank balances, which approximates its fair value, is denominated in the following currencies:

	<u>2015</u> US\$	<u>2014</u> US\$
Singapore dollar	33,965	15,935
United States dollar	<u>988,283</u>	<u>3,836,652</u>
	<u>1,022,248</u>	<u>3,852,587</u>

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 15. SHARE CAPITAL

	<u>2015</u> <u>Number of ordinary shares</u>	<u>2014</u>	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
<u>Issued and paid up</u>				
At beginning and end of year	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

The fully paid ordinary shares with no par value carry one vote per share and a right to dividends as and when declared by the company.

#### 16. TRADE AND OTHER PAYABLES

	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Trade payables		
- subsidiary	161,911	-
- related parties	83,111	11,974,486
- third parties	<u>15,164,352</u>	<u>24,637,056</u>
	<b>15,409,374</b>	<b>36,611,542</b>
Other payables		
- subsidiary	-	138,608
- third parties	-	85,569
- advances	<u>308,511</u>	<u>134,454</u>
Accruals	<u>10,197</u>	<u>11,515</u>
	<b><u>15,728,082</u></b>	<b><u>36,981,688</u></b>

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days (2014: 30 to 90 days). Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The sales advances received from customers are unsecured and interest free. These advances are deductible against provision of goods and services that will arise from sale of goods to these customers in 2016.

The carrying amount of trade and other payables, which approximate their fair value are denominated in the following currencies:

	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
United States dollar	15,717,885	36,970,173
Singapore dollar	<u>10,197</u>	<u>11,515</u>
	<b><u>15,728,082</u></b>	<b><u>36,981,688</u></b>

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 17. BORROWINGS

	<u>2015</u> US\$	<u>2014</u> US\$
Loan 1	-	18,272,305

In the prior year the company had a loan from ICICI Bank of US\$18,272,305 which was secured, bear interest rate of 1.9% - 2.35% per annum and was repayable within the 90 days. This loan was settled during the year.

#### 18. REVENUE

	<u>2015</u> US\$	<u>2014</u> US\$
Sales of fuel	301,513,803	450,791,008
Chartering income	9,036,648	8,541,203
	<u>310,550,451</u>	<u>459,332,211</u>

#### 19. OTHER INCOME

	<u>2015</u> US\$	<u>2014</u> US\$
Bonus accrual written back	-	433,418
Profit on sale of commodity on exchange	945,425	1,263,385
Sundry balances written back	-	2,132
	<u>945,425</u>	<u>1,618,935</u>

#### 20. FINANCE COSTS

	<u>2015</u> US\$	<u>2014</u> US\$
Interest on loans	14,039	207,681
Interest on import bills/LC	64,034	201,577
Bank charges and commission	253,373	623,250
LC charges	156,420	431,148
	<u>487,866</u>	<u>1,463,656</u>

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 21. INCOME TAX EXPENSE

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Current tax</u>		
Current year's provision	68,872	47,754
Under provision in prior year	-	43,993
	<u>68,872</u>	<u>91,747</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore Income Tax of 17% (2014: 17%) to profit before income tax as a result of the following differences:

	<u>2015</u> US\$	<u>2014</u> US\$
Profit before income tax	<u>926,717</u>	<u>697,742</u>
Tax at statutory tax rate 17% (2014: 17%)	157,542	118,616
Tax effects of:		
- non-deductible/(deductible) items	63,169	(2,136)
- CIT rebate	(21,794)	(21,006)
- difference in tax rate	<u>(130,045)</u>	<u>(47,720)</u>
	68,872	47,754
Under provision in prior year	<u>-</u>	<u>43,993</u>
Tax expense for the year	<u>68,872</u>	<u>91,747</u>

Movement in current tax payable is as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
At beginning of year	75,231	118,040
Income tax paid	(48,470)	(134,556)
Income tax expense	68,872	47,754
Under provision in prior year	<u>-</u>	<u>43,993</u>
At end of year	<u>95,633</u>	<u>75,231</u>

## CHEMOIL - ADANI PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 21. INCOME TAX EXPENSE – cont'd

The company has unutilised capital allowances available for offsetting against future taxable income as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
<u>Capital allowances</u>		
Amount at beginning of year	6,067,570	3,633,077
Amount in current year	-	2,833,410
Amount utilised in current year	<u>(391,636)</u>	<u>(398,917)</u>
Amount at beginning of year/end of year	<u>5,675,934</u>	<u>6,067,570</u>
Deferred tax benefits on above unrecorded	<u>964,909</u>	<u>1,031,487</u>

#### 22. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<u>2015</u> US\$	<u>2014</u> US\$
Depreciation of plant and equipment	364,733	386,067
Cost of defined contribution plans included in employee benefit expense	<u>132,193</u>	<u>521,165</u>

#### 23. COMMITMENTS

	<u>2015</u> US\$	<u>2014</u> US\$
Letter of credit	<u>-</u>	<u>2,227,695</u>

#### 24. EVENTS AFTER REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen other than that disclosed above in the interval between the end of the reporting period and the date of this report, which is likely to affect substantially the results of operations of the company for the succeeding financial year.



## CHEMOIL - ADANI PTE. LTD.

### DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> US\$	<u>2014</u> US\$
<b>Revenue</b>		
Sales of fuel	301,513,803	450,791,008
Chartering income	<u>9,036,648</u>	<u>8,541,203</u>
	310,550,451	459,332,211
<b>Less: Cost of goods sold</b>		
Opening inventories	26,058,820	18,015,614
Purchases	269,691,753	448,112,438
Discharge of port expenses	105,017	183,477
Insurance	16,817	35,542
Load port charges	631,334	383,592
Ocean freight	600,000	2,409,161
Others	1,847	111,846
	<u>297,105,588</u>	<u>469,251,670</u>
Closing inventories	-	(26,058,820)
	<u>(297,105,588)</u>	<u>(443,192,850)</u>
<b>Gross profit</b>	13,444,863	16,139,361
<b>Add: Other income</b>	<u>945,425</u>	<u>1,698,935</u>
	14,390,288	17,838,296
<b>Less: Operating expenses</b>		
- Schedule 'A'	<u>(13,463,571)</u>	<u>(17,140,554)</u>
<b>Profit before income tax</b>	<u>926,717</u>	<u>697,742</u>

This schedule does not form part of the statutory financial statements.

# CHEMOIL - ADANI PTE. LTD.

Schedule 'A'

## OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2015

	<u>2015</u> US\$	<u>2014</u> US\$
<b>Selling and distribution expenses</b>		
Barge expenses	22,464	31,771
Boat and tug hire charges	4,113,648	4,041,100
Brokerage and commission	53,933	47,561
Business promotional expenses	2,860	12,644
Clearing and forwarding charges outward	31,392	23,240
Demurrage and despatch	776,786	368,490
Diesel expenses	960,923	2,211,306
Discharge port expenses	738,055	961,225
Freight outward	895,653	5,570
Material handling, testing & maintenance	231,836	353,658
Quantity discount sales	5,554	6,091
Rent Storage & warehouse	2,351,060	4,064,249
<b>Administrative expenses</b>		
Auditors' remuneration – current year	8,012	8,866
Auditors' remuneration – over provision in prior year	-	(2,574)
CPF Contribution	2,019	22,169
Entertainment	15,136	-
General expenses	37,016	68,304
Insurance	336,612	519,812
Manning	1,029,102	967,420
Management fees	-	67,800
Postage, courier & stationery	200	218
Professional fees	421,117	415,637
Repair and maintenance	302,988	265,123
Salaries, bonus and other staff cost	130,174	498,996
Subscriptions	10,362	3,373
Survey and testing	78,593	126,251
Travelling expenses	46,076	119,567
<b>Other operating expenses</b>		
Depreciation	364,733	386,067
Damage on contract settlement	3,500	5,000
Foreign currency exchange adjustment loss	4,374	77,907
Wharfage charges	-	57
Sundry balances written off	1,527	-
<b>Finance cost</b>		
Interest on loans	14,039	207,681
Interest on import bill on LC	64,034	201,577
Bank charges and commission	253,373	623,250
L/C charges	156,420	431,148
	<u>13,463,571</u>	<u>17,140,554</u>

This schedule does not form part of the statutory financial statements.