

**Gail Global (Singapore) Pte. Ltd.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200411690H)

**Annual Report for the financial year ended  
31 March 2016**

Associated With

Smith & Williamson

**Nexia TS Public Accounting Corporation**

UEN: 200507237N

Incorporated with limited liability

Nexia TS Public Accounting Corporation is a member of Nexia International, an international network of independent accounting and consulting firms.

100 Beach Road, #30-00 Shaw Tower, Singapore 189702

Tel (65) 6534 5700

Fax (65) 6534 5766

Website: [www.nexiats.com.sg](http://www.nexiats.com.sg)

China • Malaysia • Myanmar • Singapore

The directors present their statement to the member together with the audited financial statements of the Company for the financial year ended 31 March 2016.

In the opinion of the directors,

- (a) the financial statements as set out on pages 5 to 25 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.

## **Directors**

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

Subir Purkayastha (Appointed on 8 May 2015)  
Gajendra Singh  
Anil Kumar Sahni (Appointed on 8 May 2015)  
Kirpa Ram Vij

## **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 was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **Directors' interests in shares or debentures**

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

## **Share options**

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

No shares have been 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.

### Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



---

**Subir Purkayastha**  
*Director*



---

**Anil Kumar Sahni**  
*Director*

**Independent Auditor's Report to the Member of  
Gail Global (Singapore) Pte. Ltd.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Gail Global (Singapore) Pte. Ltd., set out on pages 5 to 25, which comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, 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 financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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; that 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.

*Auditor's 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 the 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

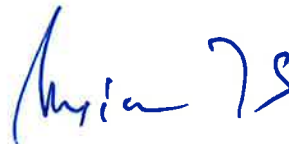
**Independent Auditor's Report to the Member of  
Gail Global (Singapore) Pte. Ltd.  
(Cont'd)**

*Opinion*

In our opinion, the financial statements of the Company 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 financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial 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.



**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Singapore**

**3 May 2016**

	Note	2016 USD	2015 USD
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,073,120	2,077,886
Trade and other receivables	5	-	1,221,998
Other current assets	6	80,308	66,694
		<u>3,153,428</u>	<u>3,366,578</u>
<b>Non-current assets</b>			
Financial assets, available-for-sale	7	14,022,883	13,964,248
Property, plant and equipment	8	8,679	13,495
		<u>14,031,562</u>	<u>13,977,743</u>
<b>Total assets</b>		<u>17,184,990</u>	<u>17,344,321</u>
<b>LIABILITIES</b>			
<b>Current liability</b>			
Trade and other payables	9	102,357	188,097
		<u>102,357</u>	<u>188,097</u>
<b>Non-current liability</b>			
Borrowings	10	8,500,000	8,500,000
<b>Total liabilities</b>		<u>8,602,357</u>	<u>8,688,097</u>
<b>NET ASSETS</b>		<u>8,582,633</u>	<u>8,656,224</u>
<b>EQUITY</b>			
Share capital	11	2,100,000	2,100,000
Other reserves	12	(5,043,083)	(5,101,718)
Retained earnings		11,525,716	11,657,942
<b>Total equity</b>		<u>8,582,633</u>	<u>8,656,224</u>

The accompanying notes form an integral part of these financial statements

	Note	2016 USD	2015 USD
Revenue	13	306,741,250	87,320,531
Cost of sales		(305,518,144)	(86,645,562)
Gross profit		<u>1,223,106</u>	<u>674,969</u>
Other (loss) / income – net	14	(19,958)	1,213,454
Expenses			
- Depreciation	8	(7,750)	(7,557)
- Employee compensation	15	(556,389)	(245,466)
- Professional fees		(46,546)	(94,949)
- Safe custody charges		(11,019)	(11,814)
- LC charges		(70,996)	(20,196)
- Rental on operating lease		(297,477)	(230,663)
- Telecommunication		(13,199)	(13,864)
- Travel expenses		(65,738)	(54,964)
- Finance	16	(160,774)	(141,116)
- Other		(105,486)	(67,042)
Total expenses		<u>(1,335,374)</u>	<u>(887,631)</u>
(Loss) / profit before income tax		<u>(132,226)</u>	<u>1,000,792</u>
Income tax expense	17	-	-
Total (loss) / profit		<u>(132,226)</u>	<u>1,000,792</u>
Other comprehensive income			
Items that maybe reclassified subsequently to profit or loss:			
- Fair value gain/(loss) on available-for-sale financial assets		58,635	1,667,272
Total comprehensive (loss) / income		<u>(73,591)</u>	<u>2,668,064</u>

The accompanying notes form an integral part of these financial statements

	Share capital USD	Other reserves USD	Retained earnings USD	Total equity USD
<b>2016</b>				
Beginning of financial year	2,100,000	(5,101,718)	11,657,942	8,656,224
Total comprehensive loss	-	58,635	(132,226)	(73,591)
<b>End of financial year</b>	<u>2,100,000</u>	<u>(5,043,083)</u>	<u>11,525,716</u>	<u>8,582,633</u>
<b>2015</b>				
Beginning of financial year	2,100,000	(6,768,990)	10,657,150	5,988,160
Total comprehensive income	-	1,667,272	1,000,792	2,668,064
<b>End of financial year</b>	<u>2,100,000</u>	<u>(5,101,718)</u>	<u>11,657,942</u>	<u>8,656,224</u>

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



	Note	2016 USD	2015 USD
<b>Cash flows from operating activities</b>			
Net (loss) / profit		(132,226)	1,000,792
Adjustments for:			
- Depreciation	8	7,750	7,557
- Interest expense	16	160,774	141,116
		<u>36,298</u>	<u>1,149,465</u>
Change in working capital			
- Trade and other receivables		1,221,998	58,656,159
- Other payables		(85,740)	122,696
- Other current assets		(13,614)	(15,201)
		<u>1,158,942</u>	<u>59,913,119</u>
Cash generated from operations			
- Interest received		-	(19,523)
		<u>1,158,942</u>	<u>59,893,596</u>
<b>Cash flows from investing activity</b>			
Purchase of property, plant and equipment		(2,934)	-
<b>Cash flows from financing activities</b>			
Repayments of borrowings		-	(59,475,823)
Interest paid		(160,774)	(121,593)
		<u>(160,774)</u>	<u>(59,597,416)</u>
<b>Net cash used in financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		995,234	296,180
Cash and cash equivalents at beginning of financial year		2,077,886	1,781,706
<b>Cash and cash equivalents at end of financial year</b>		<u>3,073,120</u>	<u>2,077,886</u>

The accompanying notes form an integral part of these financial statements

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

The financial statements of the Company for the financial year ended 31 March 2016 were authorised for issue in accordance with resolution of the directors on 3 May 2016.

## 1 General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 100 Beach Road, #30-00, Shaw Towers, Singapore 189702. The address of business is #44-01, Suntec Tower One, 7 Temasek Boulevard, Singapore 038987.

The principal activities of the Company is the business of trading of liquefied natural gas and investment holding company.

The immediate and ultimate holding corporation is GAIL (India) Limited, a company incorporated in New Delhi, India and listed on National Stock Exchange of India Limited and BSE Ltd.

## 2 Significant accounting policies

### (a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these 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 certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2015***

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

## 2 Significant accounting policies (Cont'd)

### (b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

(i) Sales of goods

Revenue from sale of goods is recognised when the Company has delivered the products to its customers, the customers have accepted the products and the collectability of the related receivables are reasonably assured.

(ii) Dividend income

Dividend income is recognised when dividend has been declared and right to receive dividend has been established.

### (c) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, 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.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Office equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income – net".

## 2 Significant accounting policies (Cont'd)

### (d) *Impairment of non-financial assets*

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

### (e) *Loans and receivables*

*Cash and cash equivalents*  
*Other receivables*

Cash and cash equivalents and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amounts of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

## 2 Significant accounting policies (Cont'd)

### **(f) Financial assets, available-for-sale**

Financial assets, available-for-sale are initially recognised at their fair values plus transaction costs and are subsequently carried at their fair values. Changes in fair values are recognised in other comprehensive income and accumulated under the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

If there is evidence of impairment, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. Impairment losses on available-for-sale equity securities are not reversed through profit or loss.

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

### **(g) Trade and other payables**

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

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

### **(h) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

## 2 Significant accounting policies (Cont'd)

### **(i) Income taxes**

Current income tax is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

### **(j) Currency translation**

The financial statements are presented in United States dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

Foreign exchange gains and losses impacting profit or loss are presented within "other income – net".

### **(k) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

## 2 Significant accounting policies (Cont'd)

### (l) **Borrowings**

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

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. 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.

### (m) **Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method.

### (n) **Employee compensation**

#### *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

### (o) **Leases**

When a Company is the lessee:

The Company leases office space and apartments for employees under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental 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.

### (p) **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### (q) **Fair value estimation of financial assets and liabilities**

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amount.

### 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Impairment of available-for-sale financial assets

At the balance sheet date, the fair values of equity securities classified as available-for-sale financial assets with a carrying amount of USD14,022,883 (2015: USD13,964,248) have increased by USD58,635 (2015: USD1,667,272). The Company has considered, among other factors, profit after tax, the small magnitude by which the fair value of the investment, and the positive financial health and short-term business outlook of the investee. Accordingly, there is no evidence of impairment as at 31 March 2016.

### 4 Cash and cash equivalents

	2016 USD	2015 USD
Cash at bank	1,888,821	1,077,886
Short-term bank deposits	1,184,299	1,000,000
	<u>3,073,120</u>	<u>2,077,886</u>

### 5 Other receivables

	2016 USD	2015 USD
Dividends receivable	-	1,221,998
	<u>-</u>	<u>1,221,998</u>

### 6 Other current assets

	2016 USD	2015 USD
Accrued income	3,771	-
Deposits	54,940	38,060
Other receivable – non-related party	-	13,327
Prepayments	21,597	15,307
	<u>80,308</u>	<u>66,694</u>



**7 Financial assets, available-for-sale**

	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Beginning of financial year	13,964,248	12,296,976
Fair value gain	58,635	1,667,272
End of financial year	<u>14,022,883</u>	<u>13,964,248</u>

Financial assets, available-for-sale are analysed as follows:

	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Non-listed securities		
- Equity securities, Egypt	<u>14,022,883</u>	<u>13,964,248</u>

Financial assets, available for sale with carrying amount of USD14,022,883 (2015: USD13,964,248) is mortgaged to holding corporation for the loan from the holding corporation. Fair value measurement is disclosed in Note 20(e).

## 8 Property, plant and equipment

	Office Equipment USD
<b>2016</b>	
<i>Cost</i>	
Beginning of financial year	22,670
Additions	<u>2,934</u>
End of financial year	<u>25,604</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	9,175
Depreciation charge	<u>7,750</u>
End of financial year	<u>16,925</u>
<b>Net book value</b>	
<b>End of financial year</b>	<u>8,679</u>
<b>2015</b>	
<i>Cost</i>	
Beginning of financial year / End of financial year	<u>22,670</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	1,618
Depreciation charge	<u>7,557</u>
End of financial year	<u>9,175</u>
<b>Net book value</b>	
<b>End of financial year</b>	<u>13,495</u>

## 9 Trade and other payables

	2016 USD	2015 USD
Amount due to holding corporation – non-trade	7,571	5,550
Amount due to holding corporation – trade	51,678	154,255
Accrued operating expenses	<u>43,108</u>	<u>28,292</u>
	<u>102,357</u>	<u>188,097</u>

The non-trade amount due to holding corporation pertains to expenses incurred by it on behalf of Company and includes interest accrued on loan from holding corporation. Amount due to holding corporation is unsecured, non-interest bearing and repayable on demand.

## 10 Borrowings

	2016 USD	2015 USD
<i>Non-current</i>		
Loan from holding corporation	8,500,000	8,500,000
	<u>8,500,000</u>	<u>8,500,000</u>

### (a) Security granted

The loan from holding corporation is secured by the financial assets, available-for-sale of the 15% paid up capital in National Gas Company S.A.E Egypt (NATGAS) with carrying values of USD14,022,883 (2015: USD13,964,248) as at 31 March 2016 (Note 7) and bears interest at the rate of 6-months LIBOR as per Telerate page plus one hundred basis point (bps) on the principal amount.

### (b) Fair value of non-current borrowings

At the balance sheet date, the fair value of non-current borrowings is USD7,953,636 (2015: USD7,981,313) and is computed based on cash flow discounted at the rate of 6-months LIBOR as per Telerate page plus one hundred basis point (bps) at 1.90% (2015: 1.40%).

## 11 Share capital

The Company's share capital comprises fully-paid 2,100,000 (2015: 2,100,000) ordinary shares with no par value, amounting to a total of USD2,100,000 (2015: USD2,100,000).

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 12 Fair value reserve

	2016 USD	2015 USD
Beginning of financial year	(5,101,718)	(6,768,990)
Financial assets, available for sale		
- Fair value gain	58,635	1,667,272
	<u>(5,043,083)</u>	<u>(5,101,718)</u>

Fair value reserve is non-distributable.

**13 Revenue**

	<b>2016</b> <b>USD</b>	<b>2015</b> <b>USD</b>
Sales of liquefied natural gas	<u>306,741,250</u>	<u>87,320,531</u>

**14 Other (losses) / income – net**

	<b>2016</b> <b>USD</b>	<b>2015</b> <b>USD</b>
Dividend income	-	1,221,999
Interest income	15,453	15,594
Foreign exchange loss – net	(35,411)	(24,139)
	<u>(19,958)</u>	<u>1,213,454</u>

**15 Employee Compensation**

	<b>2016</b> <b>USD</b>	<b>2015</b> <b>USD</b>
Salaries and bonus	519,288	225,106
Employer's contribution to defined contribution plans	37,101	20,360
	<u>556,389</u>	<u>245,466</u>

**16 Finance expense**

	<b>2016</b> <b>USD</b>	<b>2015</b> <b>USD</b>
Interest expense		
- Loan from ultimate holding corporation	127,362	121,593
- Bank borrowing	33,412	19,523
	<u>160,774</u>	<u>141,116</u>

## 17 Income tax expense

No provision for current income tax expenses was provided as there is no taxable profit for the financial year.

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2016 USD	2015 USD
(Loss) / profit before income tax	(132,226)	1,000,792
Tax calculated at a tax rate of 17% (2015:17%)	(22,478)	170,135
Effects of:		
- Expenses not deductible for tax purposes	21,651	20,671
- Deferred tax asset not recognised	827	16,934
- Income not subject to income tax	-	(207,740)
Tax charge	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of USD331,171 (2015 : USD334,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

## 18 Related party transactions

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

(a) Sale and purchases of goods and services

	2016 USD	2015 USD
Sales to holding corporation	306,741,250	87,320,531
Interest expense to loan from holding corporation	127,362	121,593
Payment on behalf by holding corporation	173,861	71,414

Outstanding balances at 31 March 2016, arising from sales of goods and dividends, are unsecured, receivable and payable within 12 months from balance sheet date are disclosed in Notes 5 and 9 respectively.

(b) Key management personnel compensation.

Key management personnel compensation is as follows:

	2016 USD	2015 USD
Salaries and bonus	519,288	225,106
Employer's contribution to defined contribution plans	37,101	20,360
	556,389	245,466

## 19 Operating lease commitments

The Company leases its office premise and staff accommodation under operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payable under operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	<b>2016</b> <b>USD</b>	<b>2015</b> <b>USD</b>
Not later than one year	289,223	154,585
Between one and five years	<u>28,210</u>	<u>144,813</u>
	<u>317,433</u>	<u>299,398</u>

## 20 Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the financial performance of the Company.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes detailed policies such as risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by key management.

### (a) Market risk

#### (i) Price risk

The price of liquefied natural gas, which is a global commodity is not set by the Company and is subject to fluctuations. The Company is not exposed to liquefied natural gas price risk as the Company sold the liquefied natural gas on back to back basis on fixed margin to its holding corporation.

## 20 Financial risk management (Cont'd)

### (a) Market risk (Cont'd)

#### (ii) Currency risk (Cont'd)

Currency risk arises when the transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD") and Egyptian Pound ("EGP").

The Company's currency exposure to EGP and SGD is as follows:

	<u>SGD</u> USD	<u>EGP</u> USD	<u>USD</u> USD	<u>Total</u> USD
<b>2016</b>				
<b>Financial assets</b>				
Cash and cash equivalents	32,032	1,195,005	1,846,083	3,073,120
Financial assets, available-for-sale	-	14,022,883	-	14,022,883
Other current assets	54,940	3,771	-	58,711
	<u>86,972</u>	<u>15,221,659</u>	<u>1,846,083</u>	<u>17,154,714</u>
<b>Financial liabilities</b>				
Trade and other payables	(42,108)	(1,000)	(59,249)	(102,357)
Borrowings	-	-	(8,500,000)	(8,500,000)
	<u>(42,108)</u>	<u>(1,000)</u>	<u>(8,559,249)</u>	<u>(8,602,357)</u>
<b>Net financial assets/ (liabilities)</b>	<u>44,864</u>	<u>15,220,659</u>	<u>(6,713,166)</u>	<u>8,552,357</u>
<b>Currency exposure of financial liabilities net of those denominated in the Company's functional currency</b>				
	<u>44,864</u>	<u>15,220,659</u>	<u>-</u>	<u>15,265,523</u>
<b>2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	54,423	19,221	2,004,242	2,077,886
Financial assets, available-for-sale	-	13,964,248	-	13,964,248
Other receivables	-	1,221,998	-	1,221,998
Other current assets	38,060	-	13,327	51,387
	<u>92,483</u>	<u>15,205,467</u>	<u>2,017,569</u>	<u>17,315,519</u>
<b>Financial liabilities</b>				
Trade and other payables	(23,722)	-	(164,375)	(188,097)
Borrowings	-	-	(8,500,000)	(8,500,000)
	<u>(23,722)</u>	<u>-</u>	<u>(8,664,375)</u>	<u>(8,688,097)</u>
<b>Net financial assets/ (liabilities)</b>	<u>68,761</u>	<u>15,205,467</u>	<u>(6,646,806)</u>	<u>8,627,422</u>
<b>Currency exposure of financial liabilities net of those denominated in the Company's functional currency</b>				
	<u>68,761</u>	<u>15,205,467</u>	<u>-</u>	<u>15,274,228</u>

## 20 Financial risk management (Cont'd)

### (a) Market risk (Cont'd)

#### (ii) Currency risk (Cont'd)

If the SGD and EGP changes against the USD by 3% (2015: 2%) and 3% (2015: 4%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the net profit and equity of the Company will be as follows:

	← Increase / (decrease) →	
	2016	2015
	USD	USD
SGD against USD		
- Strengthened	1,346	1,375
- Weakened	(1,346)	(1,375)
EGP against USD		
- Strengthened	456,620	608,219
- Weakened	(456,620)	(608,219)

#### (iii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings.

For revolving loan, interest is charged on back to back basis from holding corporation. The Company is not exposed to interest rate risk on its short term bank borrowing for the spot liquefied natural gas cargoes procured for the holding corporation.

For loan from holding corporation, the interest is charged at the rate of 6-months LIBOR as per Telerate page plus one hundred basis point (bps) on the principle amount. If the interest rate had increased/decreased by 0.5% (2015: 0.5%) with all other variables including tax rate being held constant, the impact on profit after tax would have been higher/lower by USD42,500 (2015: USD42,500) as a result of higher/lower interest expense on these borrowings.

### (b) Credit risk

Credit risk is the risk that counterparties default in their contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are cash and cash equivalents and trade receivables. For trade receivables, the Company dealt with only its holding corporation and there were no receivables on the balance sheet date.

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 balance sheet. The Company places its cash and cash equivalents with reputable banks and financial institutions which are regulated.

#### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits placed with reputable banks.

#### (ii) Financial assets that are past due and /or impaired

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



## 20 Financial risk management (Cont'd)

### (c) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable them to meet its normal operational requirements and having an adequate amount of committed credit facilities.

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

	Less than 1 year USD	Between 1 and 5 years USD
<b>2016</b>		
Other payables	102,357	-
Borrowings	161,474	8,695,663
	<u>263,831</u>	<u>8,695,663</u>
<b>2015</b>		
Other payables	188,097	-
Borrowings	119,000	8,704,672
	<u>307,097</u>	<u>8,704,672</u>

### (d) Capital risk

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt-equity ratio. The debt-equity ratio is calculated as non-current liabilities divided by net assets.

	2016 USD	2015 USD
Non-current liabilities	8,500,000	8,500,000
Total equity	8,582,633	8,656,224
Debt equity ratio (times)	<u>0.99</u>	<u>0.98</u>

The Company does not have any externally imposed capital requirements for the financial year ended 31 March 2016 and 2015.

## 20 Financial risk management (Cont'd)

### (e) Fair value measurement

The following table presents the assets and liabilities measured at fair value classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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 2); and
- (c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

<b>As at 31 March 2016</b>	<b>Level 2 USD</b>
Financial assets, available-for-sale	14,022,883
<b>As at 31 March 2015</b>	<b>Level 2 USD</b>
Financial assets, available-for-sale	13,964,248

The fair value of unlisted equity securities are based on cash flows discounted at rates based on the market interest rates adjusted for risk premiums specific to the securities (2016: 6.45%, 2015: 5.29%).

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

### (f) Financial instrument by category

The carrying amount of financial instruments are as follows:

	<b>2016 USD</b>	<b>2015 USD</b>
Financial assets, available-for-sale	14,022,883	13,964,248
Loans and receivables	3,131,831	3,351,271
Financial liabilities at amortised cost	8,602,357	8,688,097

## 21 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2016 or later periods and which the Company has not early adopted. The Company has assessed that the adoption of these new accounting standards, amendments and interpretations to existing standards will not have a material impact on the financial statements.