

Company Registration No. 200411690H

Gail Global (Singapore) Pte. Ltd.

Annual Financial Statements
31 March 2018



Gail Global (Singapore) Pte. Ltd.

Index

| | Page |
|-----------------------------------|-------------|
| Directors' Statement | 1 |
| Independent Auditor's Report | 3 |
| Statement of Financial Position | 6 |
| Statement of Comprehensive Income | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 |

Gail Global (Singapore) Pte. Ltd.

Directors' Statement

The directors are please to present their statement to the member together with the audited financial statements of the Company for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; 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 of the Company in office at the date of this statement are:

Gajendra Singh
Karmjit Singh
Manoj Jain
Anjani Kumar Tiwari

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company's ultimate holding company, GAIL (India) Limited, as stated below

| Name of director | Shares in the name of director | |
|---------------------|----------------------------------------------------|-----------------------|
| | At beginning of the year/date of appointment | At end of the year |
| Anjani Kumar Tiwari | 293 | 293 |
| Manoj Jain | 486 | 648 |

Gail Global (Singapore) Pte. Ltd.

Directors' Statement

Share options

During the financial year, there were:

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

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

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,



Anjani Kumar Tiwari
Director



Gajendra Singh
Director

18 MAY 2018

Gail Global (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2018**

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gail Global (Singapore) Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Other matter

The financial statements of Gail Global (Singapore) Pte. Ltd. for the year ended 31 March 2017 were audited by another auditor who expressed an unqualified opinion on those financial statements on 17 May 2017.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Gail Global (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2018**

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

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Gail Global (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2018**

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
18 May 2018

Gail Global (Singapore) Pte. Ltd.

Statement of Financial Position
As at 31 March 2018

| | Note | 2018 USD | 2017 USD |
|-----------------------------------------------------|------|---------------------------|--------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 4 | 2,650,522 | 3,176,702 |
| Trade and other receivables | 5 | 136,546,123 | 42,342,419 |
| Other current assets | 6 | 80,841 | 63,416 |
| | | <u>139,277,486</u> | <u>45,582,537</u> |
| Non-current assets | | | |
| Available-for-sale financial assets | 7 | 5,000,000 | 2,750,915 |
| Plant and equipment | 8 | 2,394 | 1,478 |
| | | <u>5,002,394</u> | <u>2,752,393</u> |
| Total assets | | <u><u>144,279,880</u></u> | <u><u>48,334,930</u></u> |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 90,238,835 | 41,944,041 |
| Borrowings | 10 | 46,342,271 | – |
| Current income tax liabilities | | 44,114 | 311,638 |
| | | <u>136,625,220</u> | <u>42,255,679</u> |
| Net current assets | | <u><u>2,652,266</u></u> | <u><u>3,326,858</u></u> |
| Non-current liability | | | |
| Borrowings | 10 | 1,500,000 | 2,500,000 |
| Total liabilities | | <u><u>138,125,220</u></u> | <u><u>44,755,679</u></u> |
| Net assets | | <u><u>6,154,660</u></u> | <u><u>3,579,251</u></u> |
| Equity attributable to owners of the Company | | | |
| Share capital | 11 | 7,100,000 | 7,100,000 |
| Fair value reserve | 12 | (14,065,966) | (16,315,051) |
| Distributable retained profits | | 13,120,626 | 12,794,302 |
| Total equity | | <u><u>6,154,660</u></u> | <u><u>3,579,251</u></u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Gail Global (Singapore) Pte. Ltd.

**Statement of Comprehensive Income
For the financial year ended 31 March 2018**

| | Note | 2018 USD | 2017 USD |
|------------------------------------------------------------------------------|------|------------------|---------------------|
| Revenue | 13 | 834,715,508 | 493,481,347 |
| Cost of sales | | (832,641,483) | (490,182,285) |
| Gross profit | | 2,074,025 | 3,299,062 |
| Other income/(loss) | 14 | 48,385 | (235,669) |
| Expenses | | | |
| - Depreciation of plant and equipment | | (1,066) | (7,201) |
| - Employee compensation | 15 | (712,765) | (525,402) |
| - Professional fees | | (121,258) | (66,785) |
| - Safe custody charges | | (7,002) | (7,963) |
| - LC charges | | (66,667) | (63,687) |
| - Rental on operating lease | | (313,998) | (305,206) |
| - Telecommunication | | (11,331) | (9,550) |
| - Travel expenses | | (108,820) | (73,006) |
| - Finance | 16 | (286,477) | (280,111) |
| - Other | | (131,048) | (144,258) |
| Total expenses | | (1,760,432) | (1,483,169) |
| Profit before tax | | 361,978 | 1,580,224 |
| Income tax expense | 17 | (35,654) | (311,638) |
| Net profit after tax | | 326,324 | 1,268,586 |
| Other comprehensive income: | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| - Fair value gain/ (loss) on available-for-sale financial assets | 12 | 2,249,085 | (11,271,968) |
| Total comprehensive income for the year | | 2,575,409 | (10,003,382) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Gail Global (Singapore) Pte. Ltd.

**Statement of Changes in Equity
For the financial year ended 31 March 2018**

| | Share capital USD (Note 11) | Fair value reserve USD (Note 12) | Distributable retained profits USD | Total equity USD |
|--------------------------------------------------------------------------|--------------------------------------|-------------------------------------------|---------------------------------------------|------------------------|
| 2018 | | | | |
| As at 1 April 2017 | 7,100,000 | (16,315,051) | 12,794,302 | 3,579,251 |
| Profit for the year | – | – | 326,324 | 326,324 |
| <u>Other comprehensive income</u> | | | | |
| Net gain on fair value changes of available-for-sale financial assets | – | 2,249,085 | – | 2,249,085 |
| Total comprehensive income for the financial year | – | 2,249,085 | 326,324 | 2,575,409 |
| As at 31 March 2018 | 7,100,000 | (14,065,966) | 13,120,626 | 6,154,660 |
| 2017 | | | | |
| As at 1 April 2016 | 2,100,000 | (5,043,083) | 11,525,716 | 8,582,633 |
| Profit for the year | – | – | 1,268,586 | 1,268,586 |
| <u>Other comprehensive income</u> | | | | |
| Net loss on fair value changes of available-for-sale financial assets | – | (11,271,968) | – | (11,271,968) |
| Total comprehensive (loss)/ income for the financial year | – | (11,271,968) | 1,268,586 | (10,003,382) |
| Issue of new shares | 5,000,000 | – | – | 5,000,000 |
| As at 31 March 2017 | 7,100,000 | (16,315,051) | 12,794,302 | 3,579,251 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Gail Global (Singapore) Pte. Ltd.

**Statement of Cash Flows
For the financial year ended 31 March 2018**

| | 2018 USD | 2017 USD |
|----------------------------------------------------------------------|---------------------|--------------------|
| Operating activities | | |
| Profit before tax | 361,978 | 1,580,224 |
| Adjustments for: | | |
| - Dividend income | - | (247,144) |
| - Depreciation of plant and equipment | 1,066 | 7,201 |
| - Interest income | (46,777) | (46,451) |
| - Interest expense | 286,477 | 280,111 |
| - Unrealised currency translation losses | 140 | 693,843 |
| Operating income before working capital changes | 602,884 | 2,267,784 |
| Changes in working capital: | | |
| - Trade and other receivables | (94,183,847) | (42,085,144) |
| - Other current assets | (17,425) | 13,121 |
| - Trade and other payables | 48,294,794 | 41,841,673 |
| Cash flows (used in)/generated from operating activities | (45,303,594) | 2,037,434 |
| Income tax paid | (303,178) | - |
| Interest received | 26,920 | 40,091 |
| Interest paid | (286,477) | (280,100) |
| Net cash flows (used in)/ generated from operating activities | (45,866,329) | 1,797,425 |
| Investing activity | | |
| Purchase of plant and equipment | (1,982) | - |
| Net cash used in investing activity | (1,982) | - |
| Financing activities | | |
| Loan drawdown from banks | 46,342,271 | - |
| Repayment of intercompany borrowings | (1,000,000) | (1,000,000) |
| Net cash generated from/ (used in) financing activities | 45,342,271 | (1,000,000) |
| Net (decrease)/increase in cash and cash equivalents | (526,040) | 797,425 |
| Cash and bank balances at beginning of financial year | 3,176,702 | 3,073,120 |
| Effect of currency translation on cash and bank balances | (140) | (693,843) |
| Cash and bank balances at end of financial year | 2,650,522 | 3,176,702 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Gail Global (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

1. Corporate 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 principal place of business is #44-01, Suntec Tower One, Singapore 038987.

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

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. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below and are presented in United States Dollars ("USD").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretation that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Improvements to FRSs (December 2016) | |
| (a) FRS 101 <i>First-time Adoption of Financial Reporting Standards</i> | 1 January 2018 |
| (b) FRS 28 <i>Investments in Associates and Joint Ventures</i> | 1 January 2018 |
| Amendments to FRS 40: <i>Transfers of Investment Property</i> | 1 January 2018 |
| Amendments to FRS 102: <i>Classification and Measurement of Share-based Payment Transactions</i> | 1 January 2018 |
| Amendments to FRS 104: <i>Applying FRS 109 Financial Instruments</i> with FRS 104 <i>Insurance Contracts</i> | 1 January 2018 |
| Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i> | 1 January 2018 |

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

| <i>Description</i> | <i>Effective for annual periods beginning on or after</i> |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| FRS 109: <i>Financial Instruments</i> | 1 January 2018 |
| FRS 115: <i>Revenue From Contracts With Customers</i> | 1 January 2018 |
| - Amendments to FRS 12 Income Tax | 1 January 2019 |
| - Amendments to FRS 23 Borrowing Cost | 1 January 2019 |
| - Amendments to FRS 103 Business Combinations | 1 January 2019 |
| - Amendments to FRS 111 Joint Arrangement | 1 January 2019 |
| INT FRS 122: <i>Foreign Currency Transactions and Advance Consideration</i> | 1 January 2019 |
| FRS 116: <i>Leases</i> | 1 January 2019 |
| Amendments to FRS 28: <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Amendments to FRS 109: <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| INT FRS 123: <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined |

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Under FRS 109, the Company will continue to measure its investment in unquoted equity securities at fair value through other comprehensive income ("FVTOCI").

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 *Foreign currency*

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

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currencies 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 statement of financial position date are recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, 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 computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial Instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial Instruments (cont'd)*

(a) *Financial assets (cont'd)*

Derecognition

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

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.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial asset and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payment.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets (cont'd)*

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income

2.9 *Cash and cash bank balances*

Cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.10 *Share capital and share issuance expenses*

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

2.11 *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.

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

2. Summary of significant accounting policies (cont'd)

2.12 Leases

The Company leases office space and staff accommodation under operating leases from non-related parties. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on straight-line basis.

2.13 Revenue

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Revenue are presented, net of goods and services tax, rebates and discounts. 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 significant risks and rewards of ownership of the goods are transferred to the buyer, and it is probable that the goods will not be returned.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on an accrual basis.

2.14 Taxes

(a) **Current income tax**

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.

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

2. Summary of significant accounting policies (cont'd)

2.14 Taxes (cont'd)

(b) *Deferred tax*

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

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.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.15 *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.

2. Summary of significant accounting policies (cont'd)

2.16 Borrowing costs

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

2.17 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.

2.18 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes to the Financial Statements
For the financial year ended 31 March 2018

3. Significant accounting judgments and estimates

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

3.1 Key sources of estimation uncertainty

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

Fair value of available-for-sale financial assets

Where the fair value of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using other valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instrument. The management evaluates and assesses amongst other factors and conditions whether there are significant adverse changes in the business environment where the investee operates, probability of insolvency or significant difficulties of the investee. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Further information about financial instruments that are measured at fair value can be found in Note 7.

4. Cash and bank balances

| | 2018 USD | 2017 USD |
|--------------------------|--------------------|--------------------|
| Cash at bank | 250,522 | 1,141,236 |
| Short-term bank deposits | 2,400,000 | 2,035,466 |
| | <hr/> | <hr/> |
| | 2,650,522 | 3,176,702 |
| | <hr/> | <hr/> |

Short-term bank deposits are made for varying periods of between one month and twelve months depending on the immediate cash requirements of the Company, and earn interests at an average rate of 1.94% (2017: 3.85%) per annum.

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

4. Cash and bank balances (cont'd)

Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

| | 2018 USD | 2017 USD |
|------------------|-------------|-------------|
| Singapore dollar | 89,280 | 36,765 |
| Egypt pound | 672 | 537,103 |

5. Trade and other receivables

| | 2018 USD | 2017 USD |
|--------------------------------------|-------------|-------------|
| Trade receivables | | |
| - Holding company | 88,151,461 | 42,085,144 |
| - Third party | 48,374,805 | - |
| | <hr/> | <hr/> |
| | 136,526,266 | 42,085,144 |
| Dividends receivable | - | 247,144 |
| Interest receivable | 19,857 | 10,131 |
| | <hr/> | <hr/> |
| Total trade and other receivables | 136,546,123 | 42,342,419 |
| Add: Cash and bank balances (Note 4) | 2,650,522 | 3,176,702 |
| Add: Deposit (Note 6) | 18,150 | 13,031 |
| | <hr/> | <hr/> |
| Total loans and receivables | 139,214,795 | 45,532,152 |

Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are all denominated in United States Dollars.

Receivables that are past due but not impaired

There has been no trade receivables that are past due at the balance sheet date but not impaired (2017: USD Nil)

6. Other current assets

| | 2018 USD | 2017 USD |
|-------------|-------------|-------------|
| Deposits | 62,691 | 50,385 |
| Prepayments | 18,150 | 13,031 |
| | <hr/> | <hr/> |
| | 80,841 | 63,416 |

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

7. Available-for-sale financial assets

| | 2018 USD | 2017 USD |
|---------------------------------------|-------------|-------------|
| Non-current: | | |
| - Equity securities (unquoted), Egypt | 5,000,000 | 2,750,915 |

Available-for-sale financial assets with carrying amount of USD5,000,000 (2017: USD2,750,915) is mortgaged to holding company for the loan from holding company (Note 10).

8. Plant and equipment

| | Plant and equipment USD |
|-----------------------------------|-------------------------------|
| 2018 | |
| Cost | |
| At 1 April 2017 | 25,604 |
| Additions | 1,982 |
| At 31 March 2018 | 27,586 |
| Accumulated depreciation | |
| At 1 April 2017 | 24,126 |
| Depreciation charge | 1,066 |
| At 31 March 2018 | 25,192 |
| Net carrying amount | |
| At 31 March 2018 | 2,394 |
| 2017 | |
| Cost | |
| At 1 April 2016 and 31 March 2017 | 25,604 |
| Accumulated depreciation | |
| At 1 April 2016 | 16,925 |
| Depreciation charge | 7,201 |
| At 31 March 2017 | 24,126 |
| Net carrying amount | |
| At 31 March 2017 | 1,478 |

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

9. Trade and other payables

| | 2018 USD | 2017 USD |
|-------------------------------------------|-------------|-------------|
| Trade payables: | | |
| - Third parties | 88,064,537 | 41,853,396 |
| - Holding company | 2,039,172 | 13,935 |
| Amount due to holding company (non-trade) | 2,335 | 7,582 |
| Accrued operating expenses | 132,791 | 69,128 |
| | 90,238,835 | 41,944,041 |
| | 90,238,835 | 41,944,041 |

Trade payables

Trade payables are non-interest bearing and are normally settled within 30 day terms

Trade payables are all denominated in United States Dollars.

10. Borrowings

| | 2018 USD | 2017 USD |
|--------------------------------------|-------------|-------------|
| Current: | | |
| Loans from bank (secured) | 46,342,271 | - |
| | 46,342,271 | - |
| | 46,342,271 | - |
| Non-current: | | |
| Loans from holding company (secured) | 1,500,000 | 2,500,000 |
| | 1,500,000 | 2,500,000 |
| | 1,500,000 | 2,500,000 |

(a) *Loans from bank*

The outstanding loan of USD 46,342,271 (2017: Nil) are repayable within 30 days from the bill date at a weighted average interest rate of 2.124% (2017: Nil) p.a. They are secured by corporate guarantee issued by its immediate and ultimate holding company, Gail India Limited.

(b) *Loan from holding company*

The loan is secured by the available-for-sale financial assets of the 5% paid up capital in National Gas Company SAE Egypt (NATGAS) with carrying amount of USD5,000,000 (2017: USD2,750,915) as at 31 March 2018 (Note 7) and bears interest at the rate of 6-months LIBOR as per Telerate page plus 1.0% per annum. The weighted average rate of interest during the year was 2.489% (2017:2.095%) p.a. The loan is repayable in one or more installments up to September 2019.

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

11. Share capital

| | 2018 | | 2017 | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | No. of shares | USD | No. of shares | USD |
| Issued and fully paid ordinary shares | | | | |
| At 1 April | 7,100,000 | 7,100,000 | 2,100,000 | 2,100,000 |
| Share issuance | - | - | 5,000,000 | 5,000,000 |
| At 31 March | <u>7,100,000</u> | <u>7,100,000</u> | <u>7,100,000</u> | <u>7,100,000</u> |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 29 March 2017, the Company issued 5,000,000 ordinary shares for a total consideration of USD5,000,000 by way of capitalisation of the loan from immediate and ultimate holding corporation. The newly issued shares rank pari passu in all respects with the previously issued ordinary shares.

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 reserves

| | 2018 USD | 2017 USD |
|-------------------------------------|---------------------|---------------------|
| Beginning of financial year | (16,315,051) | (5,043,083) |
| Available-for-sale financial assets | | |
| - Fair value gain/ (loss) | 2,249,085 | (11,271,968) |
| | <u>(14,065,966)</u> | <u>(16,315,051)</u> |

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

13. Revenue

| | 2018 USD | 2017 USD |
|-------------------------------|--------------------|--------------------|
| Sale of liquefied natural gas | <u>834,715,508</u> | <u>493,481,347</u> |

Gail Global (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 March 2018

| | | |
|-------------------------------------------------------|----------------|------------------|
| 14. Other income/ (losses) | | |
| | 2018 | 2017 |
| | USD | USD |
| Dividend income | – | 247,144 |
| Interest income | 46,777 | 46,451 |
| Miscellaneous income | – | 163,307 |
| Foreign exchange gain/ (loss) | 1,608 | (692,571) |
| | <u>48,385</u> | <u>(235,669)</u> |
| 15. Employee compensation | | |
| | 2018 | 2017 |
| | USD | USD |
| Salaries and bonus | 661,546 | 490,683 |
| Employer's contribution to defined contribution plans | 51,219 | 34,719 |
| | <u>712,765</u> | <u>525,402</u> |
| 16. Finance expense | | |
| | 2018 | 2017 |
| | USD | USD |
| Interest expense | | |
| - Loan from holding company | 42,727 | 176,882 |
| - Bank borrowings | 243,750 | 103,229 |
| | <u>286,477</u> | <u>280,111</u> |
| 17. Income tax expense | | |
| | 2018 | 2017 |
| | USD | USD |
| Current income tax | | |
| - Current income taxation | 44,114 | 311,638 |
| - Over-provision in respect of previous years | (8,460) | – |
| | <u>35,654</u> | <u>311,638</u> |

Gail Global (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

17. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

| | 2018 | 2017 |
|---------------------------------------------------------------|-------------|-------------|
| | USD | USD |
| Profit before tax | 361,978 | 1,580,224 |
| Tax calculated using Singapore tax rate of 17% (2017: 17%) | 61,536 | 268,638 |
| Non-deductible expenses | 9,448 | 150,385 |
| Non-taxable income | – | (42,014) |
| Effect of partial tax exemption and tax relief | (26,870) | (25,751) |
| Over-provision in respect of previous years | (8,460) | – |
| Utilisation of previously unrecognised tax losses | – | (39,620) |
| Tax expense | 35,654 | 311,638 |

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

| | 2018 | 2017 |
|-----------------------------------------------|-------------|-------------|
| | USD | USD |
| Sales to holding company | 735,880,918 | 493,481,347 |
| Purchases from holding company | 98,793,775 | – |
| Services provided to holding company | – | 163,307 |
| Interest expense on loan from holding company | 42,727 | 176,882 |
| Expenses recharged by holding company | 260,238 | 161,366 |

Outstanding balances at 31 March 2018, arising from sales of goods, are unsecured, receivable and payable within 12 months from balances sheet date and are disclosed in Note 5 and 9 respectively.

Gail Global (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

18. Related party transactions (cont'd)

(b) Key management personnel compensation

The remuneration of directors and other members of key management during the year were as follows:

| | 2018 USD | 2017 USD |
|-------------------------------------------------------|-------------|-------------|
| Salaries and bonus | 445,804 | 307,070 |
| Employer's contribution to defined contribution plans | 27,537 | 23,818 |
| Others | 5,088 | 4,518 |
| | 478,429 | 335,401 |
| | 478,429 | 335,401 |

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:

| | 2018 USD | 2017 USD |
|----------------------------|-------------|-------------|
| Not later than one year | 232,393 | 149,543 |
| Between one and five years | 36,728 | - |
| | 269,121 | 149,543 |
| | 269,121 | 149,543 |

20. Fair values of financial instruments

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- 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 are not based on observable market data (unobservable inputs).

There have been no transfers between fair value measurement levels during the financial years ended 31 March 2018 and 2017.

20. Fair values of financial instruments (cont'd)

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances (Note 4), Trade and other receivables (Note 5), Trade and other payables (Note 9) and Borrowings (Note 10)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values either, due to their short-term nature or that they are floating rate instrument that is re-priced to market interest rates on or near the end of the reporting period.

- (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

| | Level 3 | |
|-------------------------------------|-------------|-------------|
| | 2018 USD | 2017 USD |
| Available-for-sale financial assets | 5,000,000 | 2,750,912 |

Determination of fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company makes assumptions that are based on market conditions existing at each balance sheet date.

The fair value for the available-for-sale financial assets is determined by an offer price for which the Company has been in discussion with external party during the current year. In the previous financial year, fair value of unlisted equity securities were based on cash flows discounted at the rate of 8.45% based on the market interest rates adjusted for risk premiums specific to the equity securities.

21. Financial risk management objectives and policies

The Company's activities expose it to market risk (including price risk, foreign currency risk and interest rate 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.

21. Financial risk management objectives and policies (cont'd)

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 Company's exposure to market price risks primarily arises from its trading activities. The price of liquefied natural gas, which is a global commodity is not set by the Company and is subject to fluctuations.

The Company manages its liquefied natural gas price risk relating to its physical trading activities by entering back to back transaction on fixed margin with its holding company.

(ii) Foreign currency risk

The Company's trading activities are mainly denominated in United States dollars.

The Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. The Company's foreign exchange exposures are primarily from Singapore Dollar ("SGD") and Egyptian Pound ("EGP").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of SGD and EGP (against USD), with all other variables held constant, of the company's profit net of taxation.

| | | Profit net of taxation | |
|-----|-------------------------------|------------------------|-------------|
| | | 2018 | 2017 |
| | | USD | USD |
| EGP | - strengthened 3% (2017: 51%) | 334 | 1,803,703 |
| | - weakened 3% (2017: 51%) | (334) | (1,803,703) |
| SGD | - strengthened 6% (2017: 4%) | 4,446 | 787 |
| | - weakened 6% (2017: 4%) | (4,446) | (787) |

21. Financial risk management objectives and policies (cont'd)

(a) Market risk (cont'd)

(iii) *Interest rate risk*

The Company is exposed to interest rate risk on its borrowings. The Company periodically reviews its liabilities and monitor interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable level. The Company is not exposed to change in interest rates for fixed rate interest earning financial assets.

The Company is not exposed to interest rate risk on its short term bank borrowing for the spot liquefied natural gas cargoes procured under the spot mandate for the holding company. In such a situation, interest is charged on back to back basis from holding company.

For loan from holding company, the interest is charged at the rate of 6-months LIBOR as per Telerate page plus one hundred basis point (bps) on the principal amount. If the interest rate had increased/decreased by 0.5% (2017: 0.5%) with all other variables including tax rate being held constant, the impact on net profit would have been lower/higher by USD8,500 (2017: USD12,500) 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 bank balances and trade receivables. For trade receivables with its holding company, there is no credit risk. For trade receivables other companies, the Company transacts by taking a standby letter of credit from reputed international banks with an exception on case to case basis from the companies with a very strong financial position and reputation. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit rating.

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 bank balances with reputable banks and financial institutions which are regulated.

Financial assets that are neither past due nor impaired

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

Notes to the Financial Statements
For the financial year ended 31 March 2018

21. Financial risk management objectives and policies (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/uncommitted credit facilities. As at balance sheet date, assets held by the Company for managing liquidity risk included bank balances.

The table below analyses the maturity profile of the financial liabilities of the Company based on contractual undiscounted cash flows. Balance due within 12 months equal their carrying amount as the impact of discounting is not significant.

| | Less than 1 year USD | Between 1 and 5 years USD | Total USD |
|------------------------------------------|----------------------------|---------------------------------|--------------|
| 2018 | | | |
| Trade and other payables | 90,238,835 | – | 90,238,835 |
| Borrowings | 46,378,826 | 1,574,297 | 47,953,123 |
| Total undiscounted financial liabilities | 136,617,661 | 1,574,297 | 138,191,958 |
| 2017 | | | |
| Trade and other payables | 41,944,041 | – | 41,944,041 |
| Borrowings | 60,956 | 2,590,348 | 2,651,304 |
| Total undiscounted financial liabilities | 42,004,997 | 2,590,348 | 44,595,345 |

22. Capital management

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.

| | 2018 USD | 2017 USD |
|---------------------------|-------------|-------------|
| Non-current liabilities | 1,500,000 | 2,500,000 |
| Total equity | 6,154,660 | 3,579,251 |
| Debt equity ratio (times) | 0.24 | 0.70 |

The Company does not have any externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

Gail Global (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 March 2018**

23. Authorisation of financial statements

The financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 18 May 2018.

About EY

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