Nexia TS
Listening, Thinking, Growing, Asia.

In association with Smith & Williamson

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

Annual Report for the Financial Year Ended 31 March 2022

Gail Global (Singapore) Pte. Ltd.
(Incorporated in the Republic of Singapore)

Annual Report
For the financial year ended 31 March 2022

Contents

The directors are pleased to present their statement to the member together with the audited financial statements of Gail Global (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 March 2022.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of 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 of the Company in office at the date of this statement are as follows:

Mahesh Vishwanathan Iyer (Appointed on 27 January 2022)
Karmjit Singh
Sashi Menon
Sumit Kishore (Appointed on 30 March 2022)

Arrangements to enable directors to acquire shares or 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 director's 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 directors

....
Sashi Menon
Director

....
Sumit Kishore
Director

28 April 2022

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 accompanying financial statements of Gail Global (Singapore) Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial 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 1967 (the "Act") and Financial Reporting Standards ("FRSs") in Singapore so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in equity and cash flows of the Company for the financial 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 the Company for the financial year ended 31 March 2021 were audited by another independent auditor, who expressed an unmodified opinion on those statements on 14 May 2021.

Other Information

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

Nexia TS Public Accounting Corporation
UEN: 200507237N / Incorporated with limited liability
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Nexia TS Public Accounting Corporation is a member of Nexia International, a worldwide network of independent accounting and consulting firms.
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Independent Auditor's Report to the Member of
Gail Global (Singapore) Pte. Ltd.
(continued)

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 FRSs, 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.

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

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

- 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.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

28 April 2022

	Note	2022 USD	2021 USD
Revenue	4	563,762,338	418,597,831
Cost of sales		(562,240,167)	(416,505,407)
Gross profit		1,522,171	2,092,424
Other income	5	564,004	335,113
Expenses			
- Administrative	6	(1,227,432)	(1,698,626)
- Finance	8	(3,702)	(10,791)
Profit before income tax		855,041	718,120
Income tax expense	9	(44,466)	(70,778)
Profit for the financial year, representing total comprehensive income for the financial year		810,575	647,342

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

	Note	2022 USD	2021 USD
ASSETS			
Current assets			
Cash and bank balances	10	3,704,244	3,362,867
Other receivables	11	258,133	11,554
Other current assets	12	58,667	73,264
		4,021,044	3,447,685
Non-current assets			
Property, plant and equipment	13	2,166	2,142
Right-of-use assets	14	71,854	45,681
Financial assets, FVOCI	15	5,000,000	5,000,000
		5,074,020	5,047,823
Total assets		9,095,064	8,495,508
LIABILITIES			
Current liabilities			
Trade and other payables	16	340,509	297,079
Lease liabilities	17	39,522	44,665
Deferred tax liabilities		951	537
Current income tax liabilities		49,742	78,366
		430,724	420,647
Non-current liabilities			
Lease liabilities	17	28,904	-
		28,904	-
Total liabilities		459,628	420,647
Net assets		8,635,436	8,074,861
EQUITY			
Share capital	18	7,100,000	7,100,000
Fair value reserve	19	(14,065,966)	(14,065,966)
Distributable retained earnings		15,601,402	15,040,827
Total equity		8,635,436	8,074,861

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

	Note	Share capital USD	Fair value reserve USD	Retained earnings USD	Total equity USD
2022					
Beginning of financial year		7,100,000	(14,065,966)	15,040,827	8,074,861
Total comprehensive income for the financial year		-	-	810,575	810,575
Dividends paid	20	-	-	(250,000)	(250,000)
End of financial year		7,100,000	(14,065,966)	15,601,402	8,635,436
2021					
Beginning of financial year		7,100,000	(14,065,966)	14,393,485	7,427,519
Total comprehensive income for the financial year		-	-	647,342	647,342
End of financial year		7,100,000	(14,065,966)	15,040,827	8,074,861

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

	Note	2022 USD	2021 USD
Cash flows from operating activities			
Profit before tax		855,041	718,120
Adjustments for:			
- Depreciation of property, plant and equipment	6	1,637	2,315
- Depreciation of right-of-use assets	6	56,823	136,204
- Dividend income	5	(546,598)	(284,940)
- Interest income	5	(20,099)	(49,069)
- Interest expense	8	3,702	10,791
- Unrealised currency exchange gain		(554)	(1,357)
		349,952	532,064
Changes in working capital:			
- Other receivables		(3,265)	-
- Other current assets		14,597	25,185
- Trade and other payables		43,430	(55,104)
Cash generated from operations		404,714	502,104
Interest paid		(3,351)	(8,274)
Interest received		23,482	76,455
Income tax paid		(72,676)	(72,508)
Net cash provided by operating activities		352,169	497,818
Cash flows from investing activities			
Additions to property, plant and equipment	13	(1,661)	-
Dividends received		299,901	284,940
Net cash provided by investing activities		298,240	284,940
Cash flows from financing activities			
Principal repayment of lease liabilities		(55,373)	(129,943)
Interest paid		(351)	(3,132)
Increase in right-of-use assets		(3,862)	-
Repayments of borrowings		-	(725,000)
Dividends paid		(250,000)	-
Net cash used in financing activities		(309,586)	(858,075)
Net increase/(decrease) in cash and bank balances		340,823	(75,317)
Cash and bank balances			
Beginning of the financial year		3,362,867	3,436,827
Effect of currency translation on cash and bank balances		554	1,357
End of the financial year	10	3,704,244	3,362,867

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 April USD	Principal and interest payments USD	Interest expense USD	Addition USD	31 March USD
Lease liabilities					
2022	44,665	(55,725)	351	79,134	68,426
2021	174,608	(133,075)	3,132	-	44,665

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.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 80 Robinson Road, #25-00, Singapore 068898. The address of principal place of business is #43-01A, Suntec Tower One, 7 Temasek Boulevard, Singapore 038987

The principal activities of the Company are business of trading of liquified natural gas and investment holding.

The Company's 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 Bombay Stock Exchange Limited.

2. Significant accounting policies

2.1 Basis of preparation

These 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 and are presented in United States Dollars ("USD").

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 estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 April 2021, the Company has adopted the new or amended 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 FRS.

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

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sales of goods

The Company sells liquefied natural gas.

Revenue from the sale of these goods is recognised when control of the products has transferred to its customers, generally on delivery of the goods as performance obligation is judged to have been satisfied and revenue is therefore recognised. Revenue is measured at the consideration promised in the contract with customer.

(b) Interest income

Interest income is recognised on an accrual basis.

(c) Dividend income

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

2.3 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful lives
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 reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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.

2.4 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 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 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 increase 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.

2.5 Borrowing costs

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

2. Significant accounting policies (continued)

2.6 Financial assets

(a) Classification and measurement

The Company classifies its financial assets into the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, other receivables and other current assets.

There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company managed theses group of financial assets by collecting the contractual cash flow and these cash flows represents solely payments of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity investments

The Company subsequently measures all its equity investments at their fair values. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

2 Significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 22(b) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

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

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.7 Offsetting financial instruments

Financial assets 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 Significant accounting policies (continued)

2.8 Borrowings

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

Borrowings are initially recognised at fair values (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.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. 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 recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Leases

(a) When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

2 Significant accounting policies (continued)

2.10 Leases (continued)

(a) When the Company is the lessee (continued)

- Lease liabilities

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

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2 Significant accounting policies (continued)

2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured 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.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Company accounts for investment tax credits similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

2.12 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, 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. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2 Significant accounting policies (continued)

2.13 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.14 Currency translation

Transactions in a currency other than the United States Dollar ("foreign currency") are translated into the United States Dollar using the exchange rates at the dates of the transactions. Currency exchange 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.

All other foreign exchange gains and losses impacting profit or loss are presented in statement of comprehensive income within "Other income".

2.15 Cash and cash equivalents

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

2.16 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.

2.17 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

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.

Fair value of investment securities

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 22(e).

4. Revenue

	2022 **USD**	**2021** **USD**
Sale of liquified natural gas	563,762,338	418,597,831

For the sale of liquified natural gas, the Company satisfies its performance obligation at a point in time.

5. Other income

	2022 **USD**	**2021** **USD**
Interest income	20,099	49,069
Dividend income	546,598	284,940
Others	14,800	1,100
Net currency exchange (losses)/gains	(17,493)	4
	564,004	335,113

6. Expenses by nature

	2022 USD	2021 USD
Depreciation of property, plant and equipment (Note 13)	1,637	2,315
Depreciation of right-of-assets (Note 14(a))	56,823	136,204
Employee compensation (Note 7)	705,315	1,098,167
Professional fees	70,761	112,213
Short-term rental expenses (Note 14(c))	237,039	241,757
SBLC Charges	6,438	
Guarantee Fees	13,462	
Other expenses	135,957	107,970
Total administrative expenses	1,227,432	1,698,626

7. Employee compensation

	2022 USD	2021 USD
Wages and salaries	616,325	952,111
Employer's contribution to defined contribution plans including Central Provident Fund	46,839	70,897
Other benefits	42,151	75,159
	705,315	1,098,167

8. Finance expense

	2022 USD	2021 USD
Interest expenses:		
- Bank borrowings	3,351	2,125
- Loan from holding corporation	-	5,534
- Lease liabilities (Note 14(b))	351	3,132
	3,702	10,791

9. Income taxes expense

	2022 USD	**2021 USD**
Tax expense attributable to profit is made up of:		
- Current income tax	49,742	78,366
- Deferred income tax	414	(1,458)
	50,156	76,908
Over provision in prior financial years		
- Current income tax	(5,690)	(6,130)
	44,466	70,778

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

	2022 USD	**2021 USD**
Profit before income tax	855,041	718,120
Tax calculated at tax rate of 17% (2021: 17%)	145,357	122,080
Effects of:		
- statutory stepped income exemption	(13,182)	(12,950)
- expenses not deductible for tax purposes	10,703	17,166
- income not subject to tax	(92,922)	(48,440)
- others	200	(948)
- over provision of tax	(5,690)	(6,130)
	44,466	70,778

10. Cash and bank balances

	2022 USD	**2021 USD**
Cash at bank	504,244	362,867
Short-term bank deposits	3,200,000	3,000,000
	3,704,244	3,362,867

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 earned interests at an average rate of 0.65% (2021: 1.65%) per annum.

11. Other receivables

	2022 USD	2021 USD
Other receivables	3,265	-
Dividend receivables	246,697	-
Interest receivable	8,171	11,554
	258,133	11,554

12. Other current assets

	2022 USD	2021 USD
Deposits	49,244	57,636
Prepayments	9,423	15,628
	58,667	73,264

13. Property, plant and equipment

	Office equipment
	USD
2022	
Cost	
Beginning of financial year	30,583
Addition	1,661
Disposals	(2,927)
End of financial year	29,317
Accumulated depreciation	
Beginning of financial year	28,441
Depreciation charge (Note 6)	1,637
Disposals	(2,927)
End of financial year	27,150
Net book value	
End of financial year	2,166
2021	
Cost	
Beginning of financial year	30,859
Disposals	(276)
End of financial year	30,853
Accumulated depreciation	
Beginning of financial year	26,402
Depreciation charge (Note 6)	2,315
Disposals	(276)
End of financial year	28,441
Net book value	
End of financial year	2,142

14. Leases – The Company as a lessee

Nature of the Company's leasing activities

As the lease terms for its office premises and some of its staff accommodation are 12 months or less, the 'short term lease' recognition exemption is applied. The Company recognises the leases for other staff accommodation as follows:

(a) Carrying amounts and depreciation charge during the financial year

	2022 USD	2021 USD
Cost		
Beginning of financial year	272,033	272,033
Additions	82,996	-
Disposals	(272,033)	-
End of financial year	82,996	272,033
Accumulated depreciation		
Beginning of financial year	226,352	90,148
Depreciation charge (Note 6)	56,823	136,204
Disposals	(272,033)	-
End of financial year	11,142	226,352
Net book value		
End of financial year	**71,854**	**45,681**

(b) Interest expense

	2022 USD	2021 USD
Interest expense on lease liabilities (Note 8)	351	3,132

(c) Lease expense not capitalised in lease liabilities

	2022 USD	2021 USD
Lease expense – short-term leases	237,039	241,757

(d) Total cash outflow for all leases in 2022 was USD292,764 (2021: USD374,832).

(e) Addition of ROU assets during the financial year was USD82,996 (2021: USD Nil) and retirement of ROU assets during the financial year was USD272,033 (2021: USD Nil).

14. Leases – The Company as a lessee (continued)

(f) Future cash outflow that are not capitalised in lease liabilities

Extension options

The Company has several lease contracts that include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the date of extension options that are not included in the lease terms:

	Within five years	
	2022	**2021**
	USD	**USD**
Extension options expected to be exercised	38,217	135,137

15. Financial assets, at FVOCI

	2022	**2021**
	USD	**USD**
Investment securities (unquoted), Egypt	5,000,000	5,000,000

The Company has elected to measure these unquoted investment securities at fair value through other comprehensive income due to the Company's intention to hold these investment securities for long-term appreciation.

In the previous financial year, the investment securities with carrying amount of USD5,000,000 was mortgaged to immediate and ultimate holding corporation for the loan from immediate and ultimate holding corporation. The loan was fully repaid during the financial year ended 31 March 2021.

16. Trade and other payables

	2022	**2021**
	USD	**USD**
Trade payables		
- Immediate and ultimate holding corporation	239,386	114,781
Other payables		
- Immediate and ultimate holding corporation	37,332	78,168
Accruals for operating expenses	63,791	104,130
	340,509	297,079

Other payables to immediate and ultimate holding corporation are unsecured, interest-free and repayable on demand.

17. Lease liabilities

	2022 USD	2021 USD
Current	39,522	44,665
Non-current	28,904	-
	68,426	44,665

18. Share capital

	No. of ordinary shares	Amount USD
2022 and 2021		
Beginning and end of financial year	7,100,000	7,100,000

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

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

19. Fair value reserve

	2022 USD	2021 USD
Beginning and end of financial year	(14,065,966)	(14,065,966)

Fair value reserve represents the cumulative fair value changes, net of tax, of investment securities at fair value through other comprehensive income.

20. Dividends

	2022 USD	2021 USD
Ordinary dividends paid or proposed		
Interim dividend paid in respect of current financial year	250,000	-

21. 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) Sales and purchases of goods and services

	2022 USD	2021 USD
Sales of goods		
- Immediate and ultimate holding corporation	64,475,463	-
Purchases of goods		
- Immediate and ultimate holding corporation	497,747,620	416,505,407
Interest expenses on loan from immediate and ultimate holding corporation	-	5,534
Demurrage charges from immediate and ultimate holding corporation	44,962	-
Guarantee fee charged by immediate and ultimate holding corporation	13,462	-
Expenses recharged by immediate and ultimate holding corporation	175,757	407,840

Outstanding balance at 31 March 2022, arising from purchases of goods, are unsecured and payable within 12 month from reporting date and are disclosed in Note 16.

(b) Key management personnel compensation

The remuneration of other members of key management and other benefits for director during the year were as follows*:*

	2022 USD	2021 USD
Salaries and bonuses	473,800	498,657
Employer's contribution to Central Provident Fund	28,611	26,633
Other benefits	6,472	5,900
	508,883	531,190
Number of key management personnel	3	3

22. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk and price risk), credit risk, liquidity risk and credit 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) Currency risk

Currency risk arises from sales or purchases that are denominated in currencies other than the functional currency.

The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and Egyptian Pound ("EGP"). The Company does not have a policy to hedge its exposure to foreign exchange risk.

The Company's currency exposure based on the information provided to key management is as follows:

	USD USD	SGD USD	EGP USD	Total USD
31 March 2022				
Financial assets				
Cash and bank balances	3,578,022	125,450	772	3,704,244
Other receivables	11,436	-	246,697	258,133
Other current assets	-	49,244	-	49,244
Financial assets, at FVOCI	5,000,000	-	-	5,000,000
	8,589,458	174,694	247,469	9,011,621
Financial liabilities				
Trade and other payables	276,719	63,210	580	340,509
Lease liabilities	-	68,426	-	68,426
	2,76,719	131,636	580	408,935
Net financial assets	8,312,739	43,058	246,889	8,602,686
Currency exposure of financial assets, net of those denominated in the Company's functional currency	**-**	43,058	246,889	289,947

22. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	USD USD	SGD USD	EGP USD	Total USD
31 March 2021				
Financial assets				
Cash and bank balances	3,210,767	151,654	446	3,362,867
Other receivables	11,554	-	-	11,554
Other current assets	-	57,636	-	57,636
Financial assets, at FVOCI	5,000,000	-	-	5,000,000
	8,222,321	209,290	446	8,432,057
Financial liabilities				
Trade and other payables	192,949	100,769	3,361	297,079
Lease liabilities	-	44,665	-	44,665
	192,949	145,434	3,361	341,744
Net financial assets	8,029,372	63,856	(2,915)	8,090,313
Currency exposure of financial assets, net of those denominated in the Company's functional currency	-	63,856	(2,915)	60,941

If the SGD and EGP change against the USD by 3% and 17% (2021: 5% and 9%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liabilities/assets position will be as follows:

	Increase/(decrease) in net profit 2022 USD	 2021 USD
SGD against USD		
- strengthened	1,292	3,192
- weakened	(1,292)	(3,192)
EGP against USD		
- strengthened	41,971	(262)
- weakened	(41,971)	262

(ii) 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 subjected to fluctuation. Equity investment is not subjected to price risk.

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 immediate and ultimate holding corporation.

22. Financial risk management (continued)

(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 with 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 statement of financial position. The Company places its cash and bank balances with reputable banks and financial institutions which are regulated.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due.

<u>Trade receivables:</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. There is no history of default, and trade receivables as at reporting date that are not past due. Accordingly, the Company determined that the ECL is insignificant.

<u>Financial assets that are neither past due nor impaired</u>

Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

22. Financial risk management (continued)

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Company based on remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year USD	**Between 1 and 2 years USD**
At 31 March 2022		
Trade and other payables	340,509	-
Lease liabilities	39,522	28,957
At 31 March 2021		
Trade and other payables	297,079	-
Lease liabilities	44,665	-

(d) Capital risk

The Company's 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.

The Board of Director's monitors its capital based on debt-equity ratio. The debt-equity ratio is calculated as non-current liabilities divided by net assets.

	2022 USD	**2021 USD**
Non-current liabilities	28,904	-
Total equity	8,635,436	8,074,861
Debt equity ratio (times)	0.00	0.00

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2022 and 2021.

22. Financial risk management (continued)

(e) Fair value measurement

Fair value hierarchy

The Company categories 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 assets or liability that are not based on observable market data (unobservable inputs).

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

	Level 3	
	2022	**2021**
	USD	**USD**
Financial assets, at FVOCI	5,000,000	5,000,000

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.

Description	Valuation techniques	Unobservable inputs	Range (weighted average) 2022	Range (weighted average) 2021
Recurring fair value measurements				
Financial assets, at FVOCI				
Investment securities	Discounted cash flow	Discount rate	9.60%	14.70%

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	2022	**2021**
	USD	**USD**
Financial assets, at amortised cost	4,011,621	3,432,057
Financial assets, at FVOCI	5,000,000	5,000,000
Financial liabilities, at amortised cost	408,935	341,744

23. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

24. Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company is engaged in trading of LNG with counterparties from around the world and day to day working of Singapore Office was affected limitedly by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the financial year ended 31 March 2022:

(i) The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(ii) The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 March 2022.

25. Authorisation of financial statements

These financial statements were authorised for issued in accordance with a resolution of the Board of Directors of Gail Global (Singapore) Pte. Ltd. on 28 April 2022.