

DREKETI S.A.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017

Statement of Financial Position at 31 December, 2017

	Notes	\$U	U\$S
ASSETS			
Current Assets			
Other non-financial assets	5	7,643	266
Total Current Assets		7,643	266
TOTAL ASSETS		7,643	266
LIABILITIES			
Current Liabilities			
Other payables	6	74,581	2,589
Other financial liabilities	7	39,927	1,386
Total Current Liabilities		114,508	3,975
TOTAL LIABILITIES		114,508	3,975
EQUITY			
Paid in capital	8	20,000	689
Reserves due to conversion differences	8	1,191	-
Retained earnings	8	(128,056)	(4,398)
TOTAL EQUITY		(106,865)	(3,709)
TOTAL LIABILITIES AND EQUITY		7,643	266

Notes 1 to 11 are an integral part of the financial statements.

Income Statement from 1 January, 2017 to 31 December, 2017

	Notes	\$U	U\$S
Management expenses	9	(100,060)	(3,434)
Financial earnings	10	272	9
Earnings before taxes		<u>(99,788)</u>	<u>(3,425)</u>
NET PROFITS		<u>(99,788)</u>	<u>(3,425)</u>

Notes 1 to 11 are an integral part of the financial statements.

Comprehensive Income Statement from 1 January, 2017 to 31 December, 2017

	\$U	U\$\$
NET PROFITS	<u>(99,788)</u>	<u>(3,425)</u>
Other comprehensive income		
Exchange rate differential due to conversion	<u>1,277</u>	<u>-</u>
Other comprehensive income, net of income tax	<u>1,277</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u><u>(98,511)</u></u>	<u><u>(3,425)</u></u>

Notes 1 to 11 are an integral part of the financial statements.

Statement of Changes in Equity at 31 December, 2017

(Figures stated in converted Uruguayan Pesos)

	Note	Paid in Capital	Reserve Due to Conversion Differences	Retained Earnings	Total Equity
Balances at 1 January, 2017		<u>20,000</u>	<u>(86)</u>	<u>(28,268)</u>	<u>(8,354)</u>
Other comprehensive profits	8.2	-	1,277	-	1,277
Profits for the period		-	-	(99,788)	(99,788)
TOTAL CHANGES IN EQUITY		<u>-</u>	<u>1,277</u>	<u>(99,788)</u>	<u>(98,511)</u>
FINAL BALANCES AT 31 DECEMBER, 2017		<u>20,000</u>	<u>1,191</u>	<u>(128,056)</u>	<u>(106,865)</u>

(Figures stated in US Dollars)

	Note	Paid in Capital	Reserve Due to Conversion Differences	Retained Earnings	Total Equity
Balances at 1 January, 2017		<u>689</u>	<u>-</u>	<u>(973)</u>	<u>(284)</u>
Profits for the period	8.2	-	-	(3,425)	(3,425)
TOTAL CHANGES IN EQUITY		<u>-</u>	<u>-</u>	<u>(3,425)</u>	<u>(3,425)</u>
FINAL BALANCES AT 31 DECEMBER, 2017		<u>689</u>	<u>-</u>	<u>(4,398)</u>	<u>(3,709)</u>

Notes 1 to 11 are an integral part of the financial statements.

Statement of Cash Flows at 31 December, 2017

	\$U	U\$\$
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Profits for the period	(99,788)	(3,425)
More / (Less) payments that do not imply movements of funds		
Unrealized exchange rate differences	(272)	(10)
Changes in assets and liabilities		
Changes in other non-financial assets	(7,643)	(264)
Changes in other payables	75,529	2,589
Changes in other financial liabilities	12,174	420
Net cash used in/from operating activities	<u>(20,000)</u>	<u>(690)</u>
2. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Net cash used in / from investment activities	<u>-</u>	<u>-</u>
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in/ from financing activities	<u>-</u>	<u>-</u>
4. NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	<u>(20,000)</u>	<u>(690)</u>
Effects of exchange rate variations on cash and cash equivalents	-	8
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(20,000)</u>	<u>(682)</u>
6. BEGINNING OF THE YEAR CASH AND CASH EQUIVALENTS BALANCE	<u>20,000</u>	<u>682</u>
7. CASH AND CASH EQUIVALENTS FINAL BALANCE	<u>-</u>	<u>-</u>

Notes 1 to 11 are an integral part of the financial statements

Notes to the Financial Statements at 31 December, 2017

NOTE 1 - BASIC COMPANY BACKGROUND

1.1 Legal Type

Dreketi S.A. is a corporation domiciled in the Republic of Uruguay. Its main office and legal domicile is located at Juncal 1392. It was organized as a closed corporation with registered stock.

The Company was organized in Montevideo, on 5 December, 2016 under the name Dreketi S.A. The Extraordinary General Meeting of the Company's shareholders held on 21 August, 2017, resolved to change the Company's name to Reliance Industries Uruguay Petroquímica S.A. Such amendment is pending approval by the State Corporate Oversight Authority (Auditoría Interna de la Nación).

The Company's sole shareholder, owner of 100% of the stock is Reliance Industries Limited.

1.2 Business

The Company performs market analysis activities in South America for developing new business lines.

1.3 Periods Covered Under the Financial Statements

The Company's fiscal year is closed on 30 November each year.

These financial statements record the twelve-month from 1 January, 2017 to 31 December, 2017.

The financial statements have been prepared for purposes of providing information to Reliance Industries Limited to enable it to prepare the group financial statements. The specified financials may, therefore, not be suitable for another purpose.

NOTE 2 -BASES FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Accounting Policies

The financial statements have been prepared as per suitable accounting standards in Uruguay, pursuant to Regulations N° 408/016, 291/14, as amended by 372/15.

Regulation 291/14 of October 14, 2014, governing years beginning after January 1, 2015, provides as mandatory accounting standard the International Financial Reporting Standard for Small and Medium Size Entities (IFRS for SMES) as issued by the International Accounting Standards Board (IASB) as at that date and translated into Spanish as per authorization of the said Board, and posted on the "Auditoría Interna de la Nación" web page.

Likewise, section 5 of Regulation 291/14 (as amended by Regulation 372/15) establishes the following alternatives and exceptions to the IFRS for SMES:

- Reappraisal methods provided by IAS 16: Property, Premises and Equipment, and IAS 38: Intangible Assets, may be used as an alternative for appraisal of Property, Plant and Equipment and Intangible Assets, respectively.
- Presentation of the Statement of Changes in Equity is mandatory.
- As per Section 25 of the IFRS for SMES – Costs due to Loans, the Company may choose to capitalize loans as per IAS 23-Costs due to Loans
- IAS 12 – Tax on Profits, will be mandatory for treatment of taxes on profits.

Regulation 408/016, provides that those issuing financial statements comprised by the provisions of regulations 291/014, as subsequently amended, shall apply accounting standards as defined by the relevant regulatory systems.

2.2 Operating Currency

Section 30 – Conversion of Foreign Currency of the International Accounting Standards, International Accounting Standards Board - IFRS for SMES-provides that a company's operating currency is the currency of the main economic environment in which same operates, usually the one used for producing and spending its cash. So as to determine its operating currency, the Company shall take the following into consideration:

- That the sales price of goods and services are stated and paid for in such currency.

Notes to the Financial Statements at 31 December, 2017

- That costs of materials, labor and others implying delivery or supply thereof, are stated and paid for in such currency.
- That funds from financing activities are created in such currency.
- That collections of trade debts are made in such currency.

The Company's management has chosen US Dollars as operating currency since same meet the stated requirements.

2.3 Conversion

Legal provisions in Uruguay establish that accounting records should be written in domestic currency (Uruguayan Pesos); in spite of this, companies may also decide to carry accounting books in another currency. In addition, legal provisions set forth that the reporting currency (currency used for the financial statements) should also be the domestic currency.

As per such legal provisions, the Company carries its accounting books in Uruguayan Pesos and has also chosen to record its accounting in its operating currency (US Dollars).

Financial statements prepared in operating currency (US Dollars) are converted into the reporting currency (Uruguayan Pesos) as per the following conversion criteria:

- Assets and liabilities are converted at the closing exchange rate for the period (US\$ 1 = 28.807 at 31 December, 2017)
- Income and expenditures are converted at the current exchange rate at the date of each transaction
- Paid in capital and reserves are reported at their face value
- Foreign currency translation income is reported as another entry within comprehensive income.

NOTE 3 -MAIN ACCOUNTING POLICIES AND PRACTICES

3.1 Foreign Currency

Foreign currency transactions are converted into operating currency through application of the relevant exchange rates current for the relevant currencies at the dates the transactions are made.

Assets and liabilities are valued at their respective acquisition costs in US Dollars and converted into Uruguayan Pesos as stated under Note 2.3. The Exchange rate applied for such purposes was the interbank exchange rate for buying US Dollars effective at the closing of the year (US\$ 1 = 28.807 at 31 December, 2017).

Income Statement headings stated in US Dollars were converted into Uruguayan Pesos at the Exchange rate on the date of each transaction.

3.2 Use of Estimates

Preparing the financial statements at a specific date requires that the Company's management make estimates, assessments and assumptions for applying the accounting policies and standards affecting the amounts reported as assets and liabilities, disclosure of contingent assets and liabilities, as well as profits and losses for the period or fiscal year.

Although the estimates made by the Company's management have been determined as from the most accurate information available at the date these financial statements were issued, events might occur in the future which requires that changes be made in future periods. The effect of these financial statements that might eventually derive from the adjustments to be made in future periods is recognized in the period where the estimate is changed and in the future fiscal years affected, i.e., they are reported retrospectively.

3.3 Concept of Capital

The concept of capital used by the Company for determination of earnings is financial capital.

Earnings have been determined based on the variation of net equity during the fiscal year, only considered as an investment in money.

Notes to the Financial Statements at 31 December, 2017

3.4 Statement of Cash Flows

For preparing the Statement of Cash Flows the concept of funds has been defined as equal to cash and cash equivalents (investments falling due less than three months after their acquisition date and bank overdrafts).

3.5 General Valuation Criterion

These financial statements have been prepared per the historical cost basis. Therefore, all assets, liabilities, income and expenditure are assessed at their relevant acquisition costs in US Dollars and converted into Pesos as per Note 2.3.

3.6 Specific Valuation Criteria

Main valuation criteria used for preparing the financial statements are the following:

a) Basic Financial Instruments

These include cash balances, on sight and term deposits, debentures, trade receivables, other credits, bonds and debt instruments similar to trade, financial and sundry debts.

Basic financial instruments are initially recognized at their transaction price plus acquisition costs, except where the agreement is a financing transaction where the Company acknowledges financial assets or liabilities at the current value of the discounted future payments, at a market interest rate for a similar debt instrument. The initial appraisals of financial assets and liabilities measured at reasonable value with changes under earnings are also excepted.

After their initial recognition, basic financial instruments are valued as follows:

Impairment in Financial Assets Value

At the end of each reporting period, carrying amounts of financial assets that are not measured at their reasonable value are reviewed so as to determine if any objective evidence of value impairment is found. If this is the case, it is immediately recognized under impairment losses and the carrying amount of financial assets account is therefore reduced.

Financial Debts

Loans are measured at their depreciated cost as per the effective interest method. Interest expenses are recognized based on the effective interest method and financial costs are included.

3.7 Presentation of Equity Accounts

Equity accounts and reserves are presented at face value, the currency translation income being written under comprehensive income, and being accumulated as equity under the heading currency translation reserve.

3.8 Determination of Net Profits

So as to recognize income and allocate expenditures the accrual method was applied.

3.9 Income Tax

Income tax comprises current tax and deferred tax. Deferred tax is recognized in the income statement, under other comprehensive income or under equity, according to the transaction that gave rise to the tax.

Current income tax is determined applying the current interest rate at the closing date of the fiscal year on the taxable income for the year and taking into consideration if adjustments due to prior fiscal year's losses are due.

Deferred income tax is determined in accordance with the liability method based on the general balance sheet. This means determining temporary differences between assets and liabilities appraised according to accounting principles and the tax base of such assets and liabilities.

Assets for deferred income tax are recognized if taxable temporary differences or future taxable profits are expected sufficient for computing deductions corresponding to deductible temporary differences.

Notes to the Financial Statements at 31 December, 2017

NOTE 4 -FOREIGN CURRENCY POSITION

The Company incurs in exchange rate risk in its purchases and overhead when these are determined in a currency other than its operating currency, i.e. US Dollars. The main currency giving rise to such risk is Uruguayan Pesos.

The Company's management monitors this risk so as to keep exposure to the same at acceptable levels.

There follows a breakdown of exposure to exchange rate risk:

	Currency	Amount converted into Pesos	Amount in U\$S
ASSETS			
Current Assets			
Other non-financial assets	\$U	7,643	265
Total Current Assets		7,643	265
TOTAL ASSETS		7,643	265
NET ASSETS POSITION		7,643	265

NOTE 5 -OTHER NON-FINANCIAL ASSETS

Description of other non-financial assets is the following:

Current	\$U	U\$S
Tax credits	7,643	266
	7,642	266

NOTE 6 -OTHER ACCOUNTS PAYABLE

Description of other accounts payable is the following:

Current	\$U	U\$S
Fees payable	74,581	2,589
	74,581	2,589

NOTE 7 -OTHER FINANCIAL LIABILITIES

Description of other financial liabilities is the following:

Current	\$U	U\$S
Liabilities with the Stockholder	39,927	1,386
	39,927	1,386

NOTE 8 -EQUITY

8.1 Capital

The Company's authorized capital at 31 December 2017 is a nominal amount of \$U 80,000, comprising a nominal amount of \$U 20,000, and represented by 20,000 ordinary registered shares of a face value of \$U 1 each.

Notes to the Financial Statements at 31 December, 2017

8.2 Other Comprehensive Income

Other comprehensive income includes conversion adjustment of the operating currency into the reporting currency after applying the criteria established under Note 2.3.

8.3 Retained Earnings

Retained earnings include earnings which have not been distributed at the closing of each year converted at the closing exchange rate as per the method set under Note 2.3.

NOTE 9 -MANAGEMENT EXPENSES

Description of management expenses is as follows:

	\$U	U\$\$
Professional fees	(64,843)	(2,220)
Taxes	(15,217)	(524)
Sundries	(20,000)	(690)
	<u>(100,060)</u>	<u>(3,434)</u>

NOTE 10 - FINANCIAL EARNINGS

Description of financial earnings and costs is the following:

	\$U	U\$\$
Financial earnings		
Foreign exchange gain	279	9
	<u>279</u>	<u>9</u>
Financial costs		
Foreign exchange loss	(7)	-
	<u>(7)</u>	<u>-</u>
Total financial earnings	<u>272</u>	<u>9</u>

NOTE 11 -SUBSEQUENT FACTS

No events that might affect the Company in any significant manner have taken place at the date these financial statements were issued and after the closing of the reported year.