TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2016.

In the opinion of the directors, the accompanying financial statements set out on pages 5 to 30 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Anil Jhanji	
Sanjib Nanda	(Appointed on May 28, 2015)
Ashish Anupam	(Appointed on September 28, 2015)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164, except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors	
	At beginning of year or date of appointment, if after	At end of year
Ultimate holding company - Tata Steel Limited		
Ordinary shares of Rupees 10 each		
Anil Jhanji	210	210
Sanjib Nanda	484	484
Ashish Anupam	185	185

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under option

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

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

……………………………………..
Anil Jhanji

……………………………………..
Sanjib Nanda

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Steel International (Singapore) Pte Ltd (the "company"), which comprise the statement of financial position of the company as at March 31, 2016, and the statement of profit or loss account and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 5 to 30.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

Date:

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION
March 31, 2016

	Note	2016 US$	2015 US$
ASSETS			
Current assets			
Cash and bank balances	6	181,436	180,484
Trade and other receivables	7	3,215,601	3,809,264
Deposits and prepayments	8	78,863	85,337
Inventories	9	-	770,821
Total current assets		3,475,900	4,845,906
Non-current assets			
Plant and equipment	10	2,244	13,292
Associate	11	1,303,458	1,303,458
Total non-current assets		1,305,702	1,316,750
Total assets		4,781,602	6,162,656
LIABILITY AND EQUITY			
Current liability			
Trade and other payables	12	215,515	548,636
Capital and reserves			
Share capital	13	1,230,992	1,230,992
Retained earnings		3,335,095	4,383,028
Total equity		4,566,087	5,614,020
Total liability and equity		4,781,602	6,162,656

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Financial year ended March 31, 2016

	Note	2016 US$	2015 US$
Revenue	14	1,935,473	6,849,290
Cost of sales		(2,040,815)	(7,355,193)
Gross loss		(105,342)	(505,903)
Other operating income	15	454,582	835,427
Selling expenses		113,131	80,867
Administrative expenses		(1,510,304)	(2,571,455)
Loss before income tax		(1,047,933)	(2,161,064)
Income tax expense	16	-	-
Loss for the year, representing total comprehensive loss for the year	17	(1,047,933)	(2,161,064)

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY
Financial year ended March 31, 2016

	Share capital US$	Retained earnings US$	Total US$
Balance at April 1, 2014	1,230,992	6,544,092	7,775,084
Loss for the year, representing total comprehensive loss for the year	-	(2,161,064)	(2,161,064)
Balance at March 31, 2015	1,230,992	4,383,028	5,614,020
Loss for the year, representing total comprehensive loss for the year	-	(1,047,933)	(1,047,933)
Balance at March 31, 2016	1,230,992	3,335,095	4,566,087

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS
Financial year ended March 31, 2016

	2016 US$	2015 US$
Operating activities		
Loss before income tax	(1,047,933)	(2,161,064)
Adjustments for:		
Dividend income from associate	(49,154)	(63,282)
Non-trade receivables written off	60,647	-
Reversal of accruals	(172,605)	(489,574)
Allowance for inventory obsolescence	-	508,029
Depreciation of plant and equipment	11,048	11,467
Operating cash flows before movements in working capital	(1,197,997)	(2,194,424)
Trade and other receivables	684,676	5,633,518
Deposits and prepayments	6,474	7,131
Inventories	770,821	1,714,028
Trade and other payables	(160,516)	(4,537,007)
Net cash from operating activities	103,458	623,246
Investing activities		
Dividends received from associate	49,154	63,282
Purchase of plant and equipment	-	(4,552)
Cash-pooling receivable to intermediate holding company	(3,720,670)	(9,535,781)
Repayment of cash-pooling receivable to intermediate holding company	3,569,010	8,823,256
Net cash used in investing activities	(102,506)	(653,795)
Net increase (decrease) in cash and cash equivalents	952	(30,549)
Cash and cash equivalents at the beginning of the year (Note 6)	180,484	211,033
Cash and cash equivalents at the end of the year (Note 6)	181,436	180,484

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 199201688D) is incorporated in the Republic of Singapore with its registered office and principal place of business at 22 Tanjong Kling Road, Singapore 628048. The financial statements are expressed in United States dollars.

The principal activities of the company are the sale of metal products in South East Asian countries and to co-ordinate sales orders from the South East Asian countries with Tata Steel International (Asia) Limited, a related company incorporated in Hong Kong.

The financial statements of the company for the financial year ended March 31, 2016 were authorised for issue by the Board of Directors on __________________

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2015, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effects on the amounts reported for the current year or prior year.

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

- FRS 109 *Financial Instruments* (2)
- FRS 115 *Revenue from Contracts with Customers* (2)
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* (1)
- Improvements to Financial Reporting Standards (November 2014) (1)

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.
(2) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards. The management anticipates that the adoption of the above amendments to FRS and improvement to FRS in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the company in the period of initial application.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

Management is still evaluating the impact of FRS 115 and it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the company performs a detailed review.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method except for short-term payables when the recognition of interest would be immaterial.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Furniture and fittings	-	20%
Renovations	-	33%
Office equipment	-	20%
Computers	-	33%

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

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

ASSOCIATES - An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The investment in associate is stated at cost less accumulated impairment allowances made in recognition of impairment in value, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The company is exempted under FRS 28 "Investments in Associates" from applying the equity method of accounting for the associate as the company is itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by ultimate holding company, Tata Steel Limited, incorporated in India, on a worldwide basis and such financial statements are publicly available.

The registered address of Tata Steel Limited is Bombay House, 24 Homi Mody Street, Mumbai 400001, India.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

OPERATING LEASES - Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Dividend income</u>

Dividend income is recognised when the shareholders' rights to receive payment have been established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Commission income

Commission income is recognised when goods have been delivered to the customers and upon acceptance by customers.

BORROWING COSTS - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements are measured and presented in United States dollar, which is the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(***i)*** ***Critical judgements in applying the company's accounting policies***

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) ***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:

Net realisable value of inventories

There was no inventory balance as at March 31, 2016. As at March 31, 2015, allowance for inventory obsolescence had been estimated based on the estimated market value, condition of inventories including any additional cost which may be incurred to render the inventories in saleable condition, historical and expected future usage of inventories. The carrying amount of inventories was disclosed in Note 9 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Key sources of estimation uncertainty (cont'd)

Impairment of investment in associate

Management of the company performs impairment assessment of the recoverable amount of the investments in associate at the end of each reporting period to determine whether there is any indication that its associates is impaired. Where there is an indicator of impairment, the recoverable amounts of investment in associate would be determined based on higher of fair value less costs to sell and value-in- use calculations. The value-in-use calculations require the use of judgements and estimates.

The carrying amount of investment in associate at end of the reporting period was US$1,303,458 (2015 : US$1,303,458).

The carrying amount of investment in associate at the end of the reporting period is disclosed in Note 11 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

	2016 US$	2015 US$
Financial assets		
Loans and receivables (including cash and cash equivalents)	3,468,130	4,073,668
Financial liabilities		
Amortised cost	215,515	548,636

(b) Financial risk management policies and objectives

The company has adopted risk management policies that seek to mitigate financial risks in a cost-effective manner. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Details of the company's financial risk management objectives and policies are as follows:

(i) Foreign currency risk management

Foreign currencies that the company's transacts mainly in are the Great Britain Pound and Singapore dollar. The company is exposed to foreign exchange risk related to certain cash and cash equivalents, trade receivables and trade payables.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	Assets		Liabilities	
	2016	2015	2016	2015
	US$	US$	US$	US$
Great Britain pound	361,823	294,950	-	62,052
Singapore dollar	283,591	830,877	215,515	375,745

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the Great Britain pound were to strengthen/weaken by 10% against the United States dollar, loss before tax will decrease/increase by approximately US$36,182 (2015 : US$23,290).

If the Singapore dollar were to strengthen/weaken by 10% against the United States dollar, loss before tax will decrease/increase by approximately US$6,808 (2015 : US$45,513).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

The company's exposure to interest rate risk is limited to excess funds placed with banks on a short-term basis. Fluctuations in interest rates are not expected to have a material impact on the company's operating results.

No sensitivity analysis is prepared as the management does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Credit risk management

The company's principal financial assets consist of cash and cash equivalents, trade receivables and other receivables.

Cash and cash equivalents mainly comprise of bank balances, which are held with creditworthy financial institutions.

The company's credit risk is primarily attributable to its trade and other receivables. The amount presented in the statement of financial position is net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company manages credit risks by dealing with creditworthy customers. The company's sales are concentrated on a few key customers and exposure to credit risk is mitigated as the major customers are covered by credit insurance. Credit risk is also managed by monitoring payments from customers regularly. The company also has significant trade and other receivables from related companies. Management considers the credit risk relating to these receivables to be low.

Credit risk is managed by a credit evaluation process which includes assessment and evaluation of existing and potential customers' credit standing to determine credit terms. Payments are monitored for compliance with credit terms.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amounts of these assets in the statement of financial position.

(iv) Liquidity risk management

The company maintains sufficient liquidity to finance its activity. The company's operations are financed mainly through equity.

All financial liabilities in 2015 and 2016 are repayable on demand or due within 1 year from the end of the reporting period and are non-interest bearing.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximates their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises issued capital and retained earnings. The company uses external borrowings from time to time. The company's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of Tata Steel International (Singapore) Holdings Pte Ltd, incorporated in Singapore. The company's intermediate holding company is T S Global Holdings Pte. Ltd. incorporated in Singapore. The company's ultimate holding company is Tata Steel Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balance is unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the company entered into the following transactions with related companies:

	2016 US$	2015 US$
Sales of goods to related companies	-	(4,556)
Purchases of goods from related companies	1,251,054	4,797,721
Commission income from related companies	(221,996)	(268,971)
Waiver of amount due from immediate holding company for expenses paid/incurred on behalf	-	69,461

Compensation of directors and key management personnel

	2016 US$	2015 US$
Short-term benefits	140,296	-

In 2015, there were no key management personnel other than the directors of the company. No remuneration was paid by the company in 2015 to the directors. These directors were paid remuneration by related companies in their capacity as directors and/or executives of the related companies.

Remuneration in 2016 relates to key management personnel who are directors of the company.

6 CASH AND BANK BALANCES

	2016 US$	2015 US$
Cash and bank balances	181,436	180,484

7 TRADE AND OTHER RECEIVABLES

	2016 US$	2015 US$
Trade receivables due from outside parties	-	512,174
Trade receivables due from related companies (Note 5)	310,953	544,102
Other receivables due from intermediate holding company [1] (Note 5)	2,904,648	2,752,988
	3,215,601	3,809,264

[1] As at March 31, 2016, other receivables due from intermediate holding company are under cash-pooling arrangement, unsecured, bear interest at 0.001% to 0.014% (2015 : 0.001% to 0.014%) per annum and are repayable upon demand.

The average credit period on sale of goods ranges from 14 to 90 days (2015 : 14 to 90 days). No interest is charged on outstanding receivables.

Before accepting any new customer, the company will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are assessed periodically.

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. As at March 31, 2016, 100% (2015 : 52%) of trade receivables are due from related companies. As at March 31, 2015, approximately 67% of the third parties trade receivables balance was due from three customers. Credit risk is mitigated as the major customers are covered by credit insurance. Credit risk is also managed by monitoring payments from customers regularly. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Management has considered the credit quality of trade receivables which are not past due and determined that no allowance for doubtful debts is necessary. The company does not hold any collateral over these balances.

Included in the company's trade receivables balance are debtors with a carrying amount of US$204,911 (2015 : US$726,193) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging profile of these receivables are as follows:

(i) Aging of receivables that are past due but not impaired

	2016 US$	2015 US$
< 1 month	13,620	179,472
> 1 to 2 months	6,918	104,771
>2 months	184,373	441,950
	204,911	726,193

8 DEPOSITS AND PREPAYMENTS

	2016	2015
	US$	US$
Deposits	71,093	83,920
Sundry prepayments	7,770	1,417
	78,863	85,337

9 INVENTORIES

	2016	2015
	US$	US$
Finished goods, at net realisable value	-	770,821

Movements in the allowance for inventories:

Balance at beginning of year	815,989	1,191,225
Utilisation of allowance for inventory obsolescence	(815,989)	(883,265)
Allowance for inventory obsolescence	-	508,029
Balance at end of year	-	815,989

In 2015, the cost of inventories recognised as an expense included US$508,029 in respect of write-down of inventory to net-realisable value.

10 PLANT AND EQUIPMENT

	Furniture And fittings US$	Renovations US$	Office equipment US$	Computers US$	Total US$
Cost:					
As at April 1, 2014	5,900	24,543	19,387	51,020	100,850
Additions	-	-	-	4,552	4,552
As at March 31, 2015 and 2016	5,900	24,543	19,387	55,572	105,402
Accumulated depreciation:					
As at April 1, 2014	4,869	11,193	16,146	48,435	80,643
Depreciation	481	9,007	1,754	225	11,467
As at March 31, 2015	5,350	20,200	17,900	48,660	92,110
Depreciation	550	4,253	1,487	4,758	11,048
As at March 31, 2016	5,900	24,453	19,387	53,418	103,158
Carrying amount:					
As at March 31, 2016	-	90	-	2,154	2,244
As at March 31, 2015	550	4,343	1,487	6,912	13,292

11 ASSOCIATE

	2016 US$	2015 US$
Unquoted shares, at cost	1,303,458	1,303,458

Details of the associate are as follows:

Name of associate	Country of incorporation and operations	Principal activities	Proportion of ownership interest and voting power held 2016 %	2015 %
European Profiles (M) Sdn. Bhd.	Malaysia	Manufacturing and fabrication of building envelope systems and composite floor decking	20	20

12 TRADE AND OTHER PAYABLES

	2016	2015
	US$	US$
Trade payables:		
Outside parties	2,588	131,160
Related companies (Note 5)	-	132,850
	2,588	264,010
Other payables	19,723	-
Accruals	193,204	284,626
	215,515	548,636

The average credit period on purchases of goods is 75 days (2015 : 75 days). No interest is charged on outstanding balances.

13 SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares		US$	US$
Issued and paid up:				
At beginning and end of the year	1,700,000	1,700,000	1,230,992	1,230,992

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends, as and when declared by the company.

14 REVENUE

	2016	2015
	US$	US$
Sale of goods	1,935,473	6,849,290

15 OTHER OPERATING INCOME

	2016 US$	2015 US$
Dividend income from associate	49,154	63,282
Commission income from related companies (Note 5)	217,722	268,971
Reversal of accruals	172,605	489,574
Others	15,101	13,600
	454,582	835,427

16 INCOME TAX EXPENSE

	2016 US$	2015 US$
Income tax expense	-	-

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable loss for the year.

The total charges for the year can be reconciled to the accounting loss as follows:

	2016 US$	2015 US$
Loss before income tax	(1,047,933)	(2,161,064)
Tax benefit at the domestic income tax rate of 17% (2015 : 17%)	(178,149)	(367,381)
Effect of non-deductible items	7,877	12,234
Deferred tax benefit not recognised in current year	170,272	355,147
Income tax expense	-	-

The amount of unutilised tax losses carried forward for the company amounted to approximately US$8,979,000 (2015 : US$7,977,000). The deferred tax assets of approximately US$1,526,000 (2015 : US$1,356,000) are not recognised in the financial statements in view of the uncertainty of their recoverability. The tax losses can be carried forward for an unlimited future period subject to the conditions imposed by law.

17 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2016 US$	2015 US$
Staff costs	822,125	817,718
Cost of defined contribution plans (included in staff costs)	45,878	61,974
Non-trade receivables written off	60,647	-
Claims for delay	-	1,052,174
Allowance for inventory obsolescence	-	508,029
Foreign currency exchange adjustment loss - net	24,504	67,333
Depreciation of plant and equipment	11,048	11,467
Cost of inventories recognised as expense	2,037,017	7,355,193

18 OPERATING LEASE COMMITMENTS

	2016 US$	2015 US$
Minimum lease payments under operating leases recognised as an expense in the year	185,671	509,473

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2016 US$	2015 US$
Within one year	111,146	168,727
In the second to fifth year inclusive	-	119,270
	111,146	287,997

Operating lease payments represents rentals payable by the company for its office premise, motor vehicles for staff and staff accommodation under non-cancellable operating lease agreements. The leases are contracted for a period of 1 to 2 years (2015 : 1 to 2 years) and rentals are fixed for the duration of the leases.