PROCO ISSUER PTE. LTD.

STATEMENT OF FINANCIAL POSITION
March 31, 2016

(Expressed in thousands British Pounds)

	Note	2016 GBP'000	2015 GBP'000
ASSETS			
Current assets			
Cash and cash equivalents	6	259	292
Trade receivables	7	244,629	408,315
Other receivables	8	64,031	166,479
Loan receivables due from intermediate holding company	9	759,134	345,048
Derivative financial instruments	10	-	154
Total current assets		1,068,053	920,288
Non-current asset			
Deferred tax asset	11	434	141
Total assets		1,068,487	920,429
LIABILITIES AND EQUITY			
Current liabilities			
Deferred factoring income	12	4,249	6,259
Accrued expenses	13	8,383	8,517
Debenture loans from immediate holding company	14	724,536	607,976
Loan payable due to intermediate holding company	15	379	112
Income tax payable		2,342	3,786
Derivative financial instruments	10	26	-
Total current liabilities		739,915	626,650
Capital and reserves			
Share capital	16	*	*
Retained earnings		328,572	293,779
Total equity		328,572	293,779
Total liabilities and equity		1,068,487	920,429

* Amount is less than GBP1,000

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

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

(Expressed in thousands British Pounds)

	Note	2016 GBP'000	2015 GBP'000
Revenue	17	78,207	112,669
Other operating income - net	18	2,166	3,549
Administrative expenses		(10,061)	(4,276)
Finance costs	19	(33,566)	(37,083)
Profit before tax		36,746	74,859
Income tax expense	20	(1,953)	(4,023)
Profit for the year, representing total comprehensive income for the year	21	34,793	70,836

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2016

(Expressed in thousands British Pounds)

	Share capital GBP'000	Retained earnings GBP'000	Total GBP'000
Balance at April 1, 2014	*	222,943	222,943
Profit for the year, representing total comprehensive income for the year	-	70,836	70,836
Balance at March 31, 2015	*	293,779	293,779
Profit for the year, representing total comprehensive income for the year	-	34,793	34,793
	*	328,572	328,572

Balance at March 31, 2015

* Amount is less than GBP1,000

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

STATEMENT OF CASH FLOWS
Year ended March 31, 2016

(Expressed in thousands British Pounds)

	2016 GBP'000	2015 GBP'000
Operating activities		
Profit before income tax	36,746	74,859
Adjustments for:		
Interest income	(1,945)	(1,579)
Interest expenses	33,566	37,083
Fair value gains on derivative financial instruments	180	(96)
Reversal of allowance for doubtful trade receivables	8,181	(2,180)
Operating cash flows before movements in working capital	76,728	108,087
Trade receivables	155,504	190,271
Other receivables	102,449	48,898
Deferred service income	(2,010)	(5,295)
Accrued expenses	(304)	(57)
Cash generated from operations	332,367	341,904
Income tax paid	(3,690)	(4,083)
Net cash from operating activities	328,677	337,821
Investing activities		
Interest received	1,944	1,487
Loans to intermediate holding company	(5,467,339)	(3,848,032)
Repayments of loans to intermediate holding company	5,053,253	3,717,935
Net cash used in investing activities	(412,142)	(128,610)
Financing activities		
Debenture loans from immediate holding company	1,251,365	1,727,012
Repayments of debenture loans from immediate holding company	(1,134,804)	(1,888,623)
Loans from intermediate holding company	3,163	70,714
Repayments of loans from intermediate holding company	(2,896)	(78,290)
Interest paid	(33,396)	(40,034)
Net cash used in financing activities	83,432	(209,221)
Net decrease in cash and cash equivalents	(33)	(10)
Cash and cash equivalents at the beginning of the financial year	292	302
Cash and cash equivalents at the end of the financial year	259	292

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 201019152H) is incorporated in Singapore with its registered office at 22 Tanjong Kling Road Singapore 628048. The financial statements are expressed in British Pounds.

The principal activity of the company is dealing in factoring of accounts receivables.

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 have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provision 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;

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2015, the company 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 does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

At the date of authorisation of these financial statements, certain new/revised 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 adoption permitted.
(2) Applies to annual periods beginning on or after January 1, 2018, with early adoption 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 FRSs 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. FRS 115 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.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of amendments to FRS 1 on the financial statements of the company in the period of initial adoption.

Other than FRS 109, FRS 115 and amendments to FRS 1, management has considered and is of the view that the adoption of the other amendments and improvements to FRSs that are issued as at date of authorisation of these financial statements but effective only in future periods will not have material impact on the financial statements in the period of their initial adoption.

FINANCIAL INSTRUMENTS - 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.

Financial assets

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 (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis.

Cash and cash equivalents in the statement of cash flows

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.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 future 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 profit or loss. Changes in the carrying amount of the allowance account are recognised in 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 profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Derivative financial instruments

The company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details are disclosed in Note 10 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing debenture loans from immediate holding company are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Receivables factoring income from the purchased accounts receivables

Receivables factoring income from the purchased accounts receivables is accrued on a time basis, by reference to the estimated date of collection of receivables and at the applicable discount rate at which the receivables are acquired using the effective interest method.

The unrecognised portion of the discount on purchase of receivables which represents the factoring income from the end of the reporting period to the expected date of collection of receivables is recorded as deferred income under current liabilities.

Interest income

Interest income is accrued on a time basis, by reference to the outstanding principal and at the applicable effective interest rate.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs from debenture loans are recognised in profit or loss in the period in which they are incurred using the effective interest rate method.

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 the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax is recognised on 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.

The carrying amount of deferred tax assets is reviewed at the end of the 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. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

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

Transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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 equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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

The following is the critical judgement apart from those involving estimations (see below), that management has made in the process of applying the company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The company recognises revenue from factoring income based on the expected dates for which the receivables are expected to be collected. The expected date of collection is based on the credit terms given to the customers by the related companies from which the receivables have been purchased taking into consideration any expected collection delays that may occur, which is based on past experience of the collections pattern from these customers. Such estimate requires significant judgement and adjustments may be made in future periods, if collection patterns from customers changes significantly.

ii) Key sources of estimation uncertainty

Other than as discussed below, the management is of the opinion that there are no 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.

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

Allowances for bad and doubtful debts

The policy for allowances for bad and doubtful debts of the company is based on the evaluation of collectibility and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history, the period over which the debts are aged and the extent of any credit insurance coverage. If the financial conditions of customers of the company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of trade receivables and other receivables are disclosed in Notes 7 and 8.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2016 GBP'000	2015 GBP'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,068,053	920,134
Derivative financial instruments	-	154
Financial liabilities		
Amortised cost	733,298	616,605
Derivative financial instruments	26	-

(b) Financial risk management policies and objectives

The company's overall risk management policy seeks to minimise potential adverse effects of financial performance of the company.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures these risks.

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

i) Foreign exchange risk management

The company transacts business in various foreign currencies, including the Euro, United States dollar and Singapore dollar, and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possibly by offsetting financial assets and liabilities that are denominated in the same currencies. The company also uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are found in Note 10 to the financial statements.

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

	Assets		Liabilities	
	2016	2015	2016	2015
	GBP'000	GBP'000	GBP'000	GBP'000
Euro	199,676	146,120	188,540	137,640
United States dollar	61,641	50,038	58,285	46,376
Singapore dollar	10	10	440	96

If the British Pounds strengthen/weaken by 10% against the relevant foreign currency, profit before tax will increase (decrease) by:

	Profit or loss	
	2016	2015
	GBP'000	GBP'000
Euro	(1,114)	(848)

No sensitivity analysis is performed for United States dollar and Singapore dollar as any impact on profit or loss would not be material.

ii) Interest rate risk management

The company's exposure to interest rate risk is primarily attributable to loans receivable from intermediate holding company, debenture loans from the immediate holding company and loans payable to intermediate holding company as disclosed in Notes 9, 14 and 15 to the financial statements. The company's exposure to interest rate risk is limited to the floating rate on the debenture loans and loans receivable from/payables to the intermediate company and management is of the opinion that the interest rate is manageable and accordingly the company does not hedge against interest rate risk.

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit before tax for the financial year ended March 31, 2016 would decrease by GBP1,608,000 (2015 : GBP2,292,000) respectively. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

iii) <u>Credit risk management</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's principal financial assets are cash and cash equivalents and trade and other receivables. Cash is placed with creditworthy financial institutions. The trade receivables are acquired from related companies whereby the related companies set credit terms and limits for customers and monitor compliance with these terms. The related companies act as the collection agent for the company while the company monitors the collections made on behalf by the related companies on a regular basis. Where appropriate, credit guarantee insurance cover is purchased. The company has a large pool of receivables arising from factoring.

The company has significant receivables from related companies (Note 8). Management considers the credit risk relating to these intercompany receivables to be low.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk.

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

iv) Liquidity risk management

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's operations are largely financed by debenture loans from the immediate holding company and equity. Management is of the opinion that funding from the immediate holding company and/or related companies will be available as and when required.

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

v) Fair value of the financial asset and liability

Some of the company's financial asset and financial liability is measured at fair value at the end of each reporting period. The following table gives information about how the values of this financial asset and financial liability are determined (in particular, the valuation technique(s) and input(s) used).

Financial asset (liability)	Fair value as at (GBP'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2016	2015		
	Liability	Asset		
Derivative Financial Instruments (Note 10)				
Forward foreign exchange contract	(26)	154	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no significant transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

The carrying amounts of financial assets and financial liabilities approximate their respective net fair values due to the relatively short-term maturity of these financial instruments.

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

(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 only of issued capital, retained earnings and short-term debenture loans from immediate holding company. The company overall strategy remained unchanged from 2015.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of T S Global Procurement Company Pte. Ltd , incorporated in Singapore. The company's intermediate holding companies are T Steel Holdings Pte. Ltd. and T S Global Holdings Pte. Ltd., both 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. The intercompany balance is unsecured, interest-free and repayable on demand except as disclosed in Notes 9, 14 and 15 to the financial statements.

During the year, other than as disclosed elsewhere in the financial statements, the company entered into the following significant transactions with related companies:

	2016 GBP'000	2015 GBP'000
With intermediate holding company		
Interest income from intermediate holding company	(1,935)	(1,560)
Interest paid/payable to intermediate holding company	6	101
With immediate holding company		
Interest paid/payable to immediate holding company	33,560	36,970
With related companies		
Purchase of receivables from related companies	2,554,110	3,635,263
Factoring income from related companies	(78,207)	(112,669)
Service fee expense to related companies	3,792	4,018

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

There are no key management personnel other than the directors of the company. These directors are paid remuneration by related companies in their capacities as directors and/or executives of the related companies.

6 CASH AND CASH EQUIVALENTS

	2016 GBP'000	2015 GBP'000
Cash at bank	259	292

7 TRADE RECEIVABLES

	2016 GBP'000	2015 GBP'000
Outside parties	253,232	411,232
Less: Allowance for doubtful trade receivables	(8,603)	(2,917)
	244,629	408,315

The average credit period on the purchased receivables ranges from 19 to 84 days (2015 : 7 to 94 days). No interest is charged on the overdue balances.

The trade receivables are acquired from related companies at discounts, whereby the related companies set credit terms and limits for customers and monitor compliance with these terms. The related companies act as the collection agents for the company while the company monitors the collections made on behalf by the related companies on a regular basis. Where appropriate, credit guarantee insurance cover is purchased.

Included in the company's trade receivable balance are debtors with a carrying amount of approximately GBP39,983,000 (2015 : GBP73,680,000) which are past due at the end of 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 due dates of the receivables are based on the credit terms extended to the third party customers by the related companies for which the receivables were purchased from. The company does not hold any collateral over these balances.

As at the end of the reporting period, an allowance has been made for estimated irrecoverable receivable from outside parties amounting to approximately GBP8,603,000 (2015 : GBP2,917,000). This allowance has been determined after taking into consideration the age of the debts and recovery prospects. Management has also assessed that balances that are not past due at the end of the reporting period to be collectible.

7 TRADE RECEIVABLES (cont'd)

Ageing of receivables that are past due but not impaired

	2016	2015
	GBP'000	GBP'000
<1 month	16,449	49,868
1 month to 3 months	5,737	15,047
3 months to 6 months	1,854	7,005
> 6 months	15,943	1,760
	39,983	73,680

Movement in the allowance for doubtful debts

	2016	2015
	GBP'000	GBP'000
Balance at beginning of the year	2,917	5,310
Amounts written off during the year	(314)	(213)
Reversal of allowance recognised in profit or loss	6,000	(2,180)
Balance at end of year	8,603	2,917

8 OTHER RECEIVABLES

	2016	2015
	GBP'000	GBP'000
Related companies (Note 5)	63,878	166,326
Accrued interest income on loans to immediate holding company (Note 5)	153	153
Other receivable from immediate holding company (Note 5)	-	-
	64,031	166,479

Other receivables from related companies largely represent collections from purchased trade receivables that had not been remitted to the company at the end of the financial year.

9 LOAN RECEIVABLES DUE FROM INTERMEDIATE HOLDING COMPANY

	2016 GBP'000	2015 GBP'000
Intermediate holding company (Note 5)	759,134	345,048

As at March 31, 2016, loan receivables due from intermediate holding company are under a cash-pooling arrangement, unsecured, bear interest rates ranging from 0.00% to 0.40% (2014 : 0.11% to 0.52%) per annum, and are repayable upon demand.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	2016 GBP'000	2015 GBP'000
Forward foreign exchange contracts	(26)	154

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the company is committed are as follows:

	2016 GBP'000	2015 GBP'000
Forward foreign exchange contracts	16,945	13,855

Changes in the fair value of derivative financial instruments

	2016 GBP'000	2015 GBP'000
Opening fair value of derivative financial instruments	154	58
Fair value gains of derivative financial instruments recognised in profit or loss	(180)	96
Closing fair value of derivative financial instruments	(26)	154

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The following table details the forward foreign currency contracts outstanding as at March 31, 2016:

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gain (loss)
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.79	14,107	11,134	(85)
Sell Euro less than 6 months	0.79	1,463	1,154	(10)
Buy Euro less than 3 months	0.79	1,913	1,510	(3)
Sell USD less than 3 months	0.70	3,660	2,545	71
Sell USD less than 6 months	0.70	182	127	2
Buy USD less than 3 months	0.70	685	475	(1)
Total			16,945	(26)

10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

The following table details the forward foreign currency contracts outstanding as at March 31, 2015:

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gain
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.73	8,934	6,491	296
Sell Euro less than 6 months	0.73	2,322	1,687	(13)
Buy Euro less than 3 months	0.73	2,854	2,073	(10)
Sell USD less than 3 months	0.68	4,199	2,844	(119)
Sell USD less than 6 months	0.68	34	23	(1)
Buy USD less than 3 months	0.68	1,088	737	1
Total			13,855	154

11 DEFERRED TAX ASSET

	2016	2015
	GBP'000	GBP'000
Deferred tax asset	434	141

The deferred tax asset is recognised by the company in the current year on account of allowance of doubtful debts. The movement during the reporting period is as follow:

	2016	2015
	GBP'000	GBP'000
Balance at beginning of year	141	266
(Charge) Credit to profit and loss for the year (Note 20)	293	(125)
Balance at end of year	434	141

12 DEFERRED FACTORING INCOME

Deferred factoring income pertains to unearned revenue from the trade receivables acquired.

13 ACCRUED EXPENSES

	2016 GBP'000	2015 GBP'000
Accrued interest on debenture loans from immediate holding company (Note 5)	7,577	7,407
Accrued interest due to intermediate holding company (Note 5)	*	*
Accrued expenses due to related companies (Note 5)	766	1,076
Other accrued expenses	40	34
	8,383	8,517

* Amount is less than GBP1,000

14 DEBENTURE LOANS FROM IMMEDIATE HOLDING COMPANY

	2016 GBP'000	2015 GBP'000
Debenture loans from immediate holding company	724,536	607,976

Debenture loans from immediate holding company are unsecured, bear interest at 4.45% to 5.45% (2015 : 4.45% to 5.45%) plus one month LIBOR per annum and are repayable within 12 months (2015 : 12 months) from the date of inception of the loans.

15 LOANS PAYABLE DUE TO INTERMEDIATE HOLDING COMPANY

	2016 GBP'000	2015 GBP'000
Loans payable due to intermediate holding company (Note 5)	379	112

Loans due to intermediate holding company are under cash-pooling arrangement, unsecured, bear interest at 2.14% (2015 : 1.59%) per annum and are repayable upon demand.

16 SHARE CAPITAL

	2016	2015	2016	2014
	Number of ordinary shares		GBP'000	GBP'000
Issued and fully paid	2	2	*	*

* Amount is less than GBP1,000

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.

17 REVENUE

	2016	2015
	GBP'000	GBP'000
Factoring income from related companies	78,207	112,669

18 OTHER OPERATING INCOME - NET

	2016	2015
	GBP'000	GBP'000
(Loss) Gain on foreign exchange, net	401	(306)
Reversal of allowance for doubtful trade receiavbles	-	2,180
Fair value gains on derivative financial instruments (Note 10)	(180)	96
Interest income from:		
Intermediate holding company (Note 5)	1,936	1,560
Outsides parties	9	19
	2,166	3,549

19 FINANCE COSTS

	2016	2015
	GBP'000	GBP'000
Interest charges on debenture loans from immediate holding company (Note 5)	33,560	36,970
Interest charges from:		
Intermediate holding company (Note 5)	5	101
Outside parties	1	12
	33,566	37,083

20 INCOME TAX EXPENSE

	2016 GBP'000	2015 GBP'000
Current income tax:		
- Current year	2,342	3,785
- Underprovision in prior year	(96)	113
Deferred tax expense (credit) (Note 11):		
- Current year	(293)	125
- Overprovision prior year	-	-
	1,953	4,023

The income tax varied from the amount of income tax determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

	2016 GBP'000	2015 GBP'000
Profit before income tax	36,746	74,859
Tax calculated at statutory rate	6,247	12,726
Tax concession	(4,918)	(8,521)
Effect of non-taxable items	1,051	(387)
Tax-exempt income and rebate	(22)	(23)
Underprovision in prior year	(96)	113
Others	(309)	115
Tax expense for the financial year	1,953	4,023

During the year ended March 31, 2013, the company was awarded the Global Trader Programme ("GTP") status by International Enterprise Singapore ("IE Singapore") for a period of 4 years 5 months, effective from November 1, 2012. Under the GTP status, the company enjoys a concessionary tax rate of 5% for profits derived from qualifying activities. Profits from non- qualifying sources, if any, are taxed at 17%.

21 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2016	2015
	GBP'000	GBP'000
Reversal of allowance for doubtful trade receivables	6,000	(2,180)
Fair value gains on derivative financial instruments (Note 10)	180	(96)
Loss (Gain) on foreign exchange, net	(401)	306
Staff cost	190	183

The directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.