

**T S GLOBAL PROCUREMENT
COMPANY PTE. LTD.
(Registration No. 201008706C)**

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2017

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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T S GLOBAL PROCUREMENT COMPANY 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, 2017.

In the opinion of the directors, the accompanying financial statements of the company as set out on pages 6 to 42 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2017 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:

Koushik Chatterjee
Sandip Biswas
Ranganath Raghupathy Rao
Rajiv Mukerji
Sanjib Nanda

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 of the Singapore Companies Act except as follows:

<u>Name of directors and company in which interests are held</u>	<u>At beginning of year</u>	<u>At end of year</u>
<u>Tata Steel Limited</u> (Ordinary shares of Rupees 10 each)		
Koushik Chatterjee	1,320	1,320
Sandip Biswas	3,868	3,868
Sanjib Nanda	484	484

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company were 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 options*

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

.....
Sanjib Nanda

.....
Sandip Biswas

[Date]

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of T S Global Procurement Company Pte. Ltd. (the "company"), which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 42.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.**

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

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

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

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

[Date]

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF FINANCIAL POSITION
March 31, 2017

(Expressed in thousands in United States Dollars)

	<u>Note</u>	<u>2017</u> US\$'000	<u>2016</u> US\$'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6	45,651	17,606
Trade receivables	7	1,227,973	831,137
Other receivables	8	66,090	25,562
Loan receivables	9	1,960,131	2,041,234
Inventories	10	108,246	-
Derivative financial instruments	16	-	13,627
Total current assets		<u>3,408,091</u>	<u>2,929,166</u>
Non-current assets			
Other receivables	8	-	413
Loan receivables	9	500,000	35,000
Equipment	11	380	316
Intangible assets	12	387	341
Subsidiary	13	-	*
Deferred tax asset	19	4,427	-
Total non-current assets		<u>505,194</u>	<u>36,070</u>
Total assets		<u><u>3,913,285</u></u>	<u><u>2,965,236</u></u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables	14	412,312	239,633
Other payables and accrued expenses	15	26,908	23,533
Derivative financial instruments	16	26,740	13,090
Loan payables	17	975,921	704,703
Bank loans	18	620,816	149,209
Income tax payable		7,987	7,587
Total current liabilities		<u>2,070,684</u>	<u>1,137,755</u>
Non-current liabilities			
Loan payables	17	1,494,459	1,496,058
Deferred tax liability	19	-	453
Total non-current liabilities		<u>1,494,459</u>	<u>1,496,511</u>
Capital and reserves			
Share capital	20	99,635	99,635
Retained earnings		248,506	231,335
Total equity		<u>348,141</u>	<u>330,970</u>
Total liabilities and equity		<u><u>3,913,284</u></u>	<u><u>2,965,236</u></u>

* Amount is less than US\$1,000.

See accompanying notes to financial statements.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2017

(Expressed in thousands in United States Dollars)

	<u>Note</u>	<u>2017</u> US\$'000	<u>2016</u> US\$'000
Revenue	21	3,209,497	2,075,517
Cost of sales		<u>(3,151,815)</u>	<u>(2,022,511)</u>
Gross profit		57,682	53,006
Other operating income - net	22	93,859	80,513
Administrative expenses		(6,910)	(7,154)
Reversal of allowance for inventories		-	2,198
Finance costs	23	<u>(123,183)</u>	<u>(116,509)</u>
Profit before income tax		21,448	12,054
Income tax expense	24	<u>(4,277)</u>	<u>(1,513)</u>
Profit for the year, representing total comprehensive income for the year	25	<u><u>17,171</u></u>	<u><u>10,541</u></u>

See accompanying notes to financial statements.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2017

(Expressed in thousands in United States Dollars)

	Share capital	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
Balance at April 1, 2015	99,635	220,794	320,429
Profit for the year, representing total comprehensive income for the year	-	10,541	10,541
Balance at March 31, 2016	99,635	231,335	330,970
Profit for the year, representing total comprehensive income for the year	-	17,171	17,171
Balance at March 31, 2017	99,635	248,506	348,141

See accompanying notes to financial statements.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

STATEMENT OF CASH FLOWS
Year ended March 31, 2017

(Expressed in thousands in United States Dollars)

	<u>Note</u>	2017 US\$'000	2016 US\$'000
Operating activities			
Profit before tax		21,448	12,054
Adjustments for:			
Interest income		(93,435)	(80,767)
Interest expense		123,183	116,509
Depreciation and amortisation expense		362	182
Reversal of allowance for inventories/loan amortisation		6,459	(2,198)
Fair value losses on derivative financial instruments		27,278	36,978
Operating cash flows before movements in working capital		<u>85,295</u>	<u>82,758</u>
Inventories		(108,246)	26,678
Trade receivables		(396,836)	359,441
Other receivables		(11,335)	(52)
Trade payables		172,679	(34,366)
Other payables and accrued expenses		3,214	1,650
Cash generated from operations		<u>(261,688)</u>	<u>436,109</u>
Income tax paid		<u>(8,757)</u>	<u>(4,125)</u>
Net cash from operating activities		<u>(270,445)</u>	<u>431,984</u>
Investing activities			
Interest received		64,655	76,133
Purchase of equipment		(310)	(86)
Purchase of intangible assets		(163)	(365)
Loans to related companies		(826,959)	(1,220,726)
Repayments of loans to related companies		1,030,069	1,190,861
Loans to immediate holding company		(8,800,572)	(2,046,999)
Repayments of loans to immediate holding company		7,918,517	1,689,513
Debenture loans to subsidiary		(1,639,466)	(1,887,808)
Repayments of debenture loans to subsidiary		1,934,514	1,743,067
Net cash used in investing activities		<u>(319,715)</u>	<u>(456,410)</u>
Financing activities			
Interest paid		(131,079)	(105,251)
Repayments of loans from related companies		(89,522)	(78,200)
Loans from immediate holding company		6,481,935	7,629,146
Repayments of loans from immediate holding company		(6,121,195)	(7,578,057)
Increase in bank loans		1,141,065	353,814
Repayments of bank loans		(669,458)	(204,605)
Net cash from financing activities		<u>611,746</u>	<u>16,847</u>
Net decrease in cash and cash equivalents		28,045	(7,579)
Cash and cash equivalents at beginning of year		<u>17,606</u>	<u>25,185</u>
Cash and cash equivalents at end of year	6	<u><u>45,651</u></u>	<u><u>17,606</u></u>

See accompanying notes to financial statements.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

1. GENERAL

The company (Registration No. 201008706C) is incorporated in Singapore with its registered office at 22 Tanjong Kling Road Singapore 628048. The financial statements are expressed in United States dollars ("US\$").

The principal activities of the company are that of trading of carbon credits and raw materials for steel making purposes, investment holding and debt financing.

The financial statements of the company for the year ended March 31, 2017 were authorised for issue by the Board of Directors on [Date].

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 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;
- 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.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, 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/revise d FRSs and INT 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 years.

At the date of authorisation of these financial statements, the following FRSs that are relevant to the company were issued but not effective:

- FRS 109 *Financial Instruments* ¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* ¹
- FRS 116 *Leases* ²

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

² Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted

Consequential amendments were also made to various standards as a result of these new/revise d standards.

The management anticipates that the adoption of the above 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 and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management is currently evaluating the potential impact of the FRS 109 in the financial statements of the company.

FRS 115 Revenue from Contracts with Customers

In November 2014, 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. Further clarifications to FRS 115 were also issued in June 2016.

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 contract(s) 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.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The management is currently evaluating the potential impact of the FRS 115 on the financial statements of the company.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The management anticipates that the initial application of FRS 116 will result in certain lease commitments of the company to be recorded in the statement of financial position. FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 23. The new FRS 116 requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the company’s financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management completes the review.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

BASIS OF PRERARATION - The financial statements of the subsidiary have not been consolidated with the company's financial statements as the company itself is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

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

SUBSIDIARY – A subsidiary is an entity that is controlled by another entity.

Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

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 is recognised on an effective interest basis.

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.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

Loans and receivables

Trade receivables, other receivables and loan 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 initially measured at fair value and subsequently 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.

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.

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.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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

Trade and other payables 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 loans from the immediate holding company, subsidiary and related company and bank loans and are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

Derivative financial instruments

The company enters into foreign exchange forward contracts to manage its exposure to in foreign exchange rate risk. Further details are disclosed in Note 16 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.

INVENTORIES - Inventories comprise of carbon credits held for resale which are stated at the lower of cost and net realisable value. Cost includes all cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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EQUIPMENT - Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis to write down the cost of the equipment to their estimated residual value over the estimated useful lives of 3 years.

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

The estimated useful lives and depreciation method are reviewed at the end of 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 equipment is determined as the difference between the sales proceeds and the carrying amounts of the assets and is recognised in profit or loss.

INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

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 assets 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 the 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.

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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.

Sale of goods (including carbon credits)

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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

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

Service income from purchase of debts

Service income from the purchase of debts is accrued on a time basis, by reference to the estimated date of collection of debts and at the applicable discount rate at which the debts are acquired using the effective interest method.

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

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Dividend income

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

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 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.

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. 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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, 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).

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FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company 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).

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

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

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.

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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 of each customer and ongoing dealings with these customers. 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 is disclosed in Note 7.

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:

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	3,900,016	2,950,079
Derivative financial instruments	-	<u>13,627</u>
Financial liabilities		
Amortised cost	3,513,232	2,587,157
Derivative financial instruments	<u>26,741</u>	<u>13,090</u>

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(b) Financial instruments subject to offsetting, enforceable master netting arrangement and similar agreements

2017

Financial asset			
Type of financial asset	(a)	(b)	(c) = (a) - (b)
	Gross amounts of recognised financial asset	Gross amounts of recognised financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	US\$'000	US\$'000	US\$'000
Derivative financial instruments (Note 16)	-	-	-

Financial liability			
Type of financial liability	(a)	(b)	(c) = (a) - (b)
	Gross amounts of recognised financial liability	Gross amounts of recognised financial asset set off in the statement of financial position	Net amounts of financial liability presented in the statement of financial position
	US\$'000	US\$'000	US\$'000
Derivative financial instruments (Note 16)	(323)	27,064	26,741

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2016

Financial asset			
	(a)	(b)	(c) = (a) - (b)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	US\$'000	US\$'000	US\$'000
Derivative financial instruments (Note 16)	21,241	(7,614)	13,627

Financial liability			
	(a)	(b)	(c) = (a) - (b)
Type of financial liability	Gross amounts of recognised financial liability	Gross amounts of recognised financial asset set off in the statement of financial position	Net amounts of financial liability presented in the statement of financial position
	US\$'000	US\$'000	US\$'000
Derivative financial instruments (Note 16)	18,553	(5,463)	13,090

In reconciling the 'Net amounts of financial asset and financial liability presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

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(c) 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.

i) Foreign exchange risk management

The company transacts business in various foreign currencies, including the British pound ("GBP"), Singapore dollar ("SGD"), Canadian dollar and Euro and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possible 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 16 to the financial statements.

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

	<u>Assets</u>		<u>Liabilities</u>	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
British pound	1,796,366	1,601,277	214,379	125,551
Singapore dollar	45,739	50,012	26	80
Canadian dollar	-	44,159	-	-
Euro	145,306	276,325	34,928	112,909

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

	<u>Profit or loss</u>	
	2017	2016
	US\$'000	US\$'000
British pound	(158,199)	(147,573)
Singapore dollar	(4,571)	(4,993)
Canadian dollar	-	(4,416)
Euro	(11,038)	(16,342)

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ii) Interest rate risk management

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the company in the current reporting period or in future years.

The interest rates of the debenture loans to subsidiary and a related company, loans from immediate holding company and related companies, and short-term bank loans are disclosed in Notes 9, 17 and 18 to the financial statements respectively. The company's exposure to interest rate risk is limited to the floating rate debenture loans due from subsidiary, loans due from a related company, loans due to immediate holding company and related companies, and short-term bank loans. Interest income from bank balances is insignificant.

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 for the year ended March 31, 2017 would decrease by US\$2,851,000 (2016 : US\$2,395,000) respectively. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

iii) Credit risk management

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, trade and other receivables and loan receivables. Cash is placed with creditworthy financial institutions. The company sets credit terms and limits for customers and monitor compliance with these terms.

The company has significant receivables from related companies (Notes 7, 8 and 9). 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 group's maximum exposure to credit risk.

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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 strategy to manage liquidity risk is to ensure that the company has sufficient funds to meet its potential liabilities as they fall due. Adequate lines of credit are maintained with financial institutions to ensure necessary liquidity.

Financial assets

All financial assets in 2017 and 2016 are repayable on demand or due within 1 year from the end of the reporting period, except for the other receivables and loan receivables as disclosed in Notes 8 and 9 to the financial statements.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial assets on the statement of financial position.

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>2017</u>						
Non-interest bearing	-	1,439,885	-	-	-	1,439,885
Variable interest rate instrument	3.31%	2,025,013	-	-	(64,882)	1,960,131
Fixed interest rate instrument	6.75%	66,533	559,062	-	(125,595)	500,000
		<u>3,531,431</u>	<u>559,062</u>	<u>-</u>	<u>(190,477)</u>	<u>3,900,016</u>
<u>2016</u>						
Non-interest bearing	-	873,432	413	-	-	873,845
Variable interest rate instrument	3.90	2,053,895	-	-	(77,124)	1,976,771
Fixed interest rate instrument	6.52	65,310	44,435	-	(10,282)	99,463
		<u>2,992,637</u>	<u>44,848</u>	<u>-</u>	<u>(87,406)</u>	<u>2,950,079</u>

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Financial liabilities

All financial liabilities in 2017 and 2016 are repayable on demand or due within 1 year from the end of the reporting period, except for the loan payables as disclosed in Note 17 to the financial statements.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>2017</u>						
Non-interest bearing	-	422,037	-	-	-	422,037
Variable interest rate instrument	2.97%	1,609,357	-	-	(12,620)	1,596,737
Fixed interest rate instrument	6.73%	99,058	924,147	1,092,368	(621,114)	1,494,459
		<u>2,130,451</u>	<u>924,147</u>	<u>1,092,368</u>	<u>(633,734)</u>	<u>3,513,232</u>
<u>2016</u>						
Non-interest bearing	-	250,277	-	-	-	250,277
Variable interest rate instrument	2.06	867,047	-	-	(13,135)	853,912
Fixed interest rate instrument	6.58	97,970	858,921	1,223,812	(684,645)	1,496,058
		<u>1,215,294</u>	<u>858,921</u>	<u>1,223,812</u>	<u>(697,780)</u>	<u>2,600,247</u>

Derivative financial instruments

As at the end of the reporting period, the company's derivative financial instruments comprise of foreign exchange forward contracts with contracted net cash ___ flow amounting to US\$___ (2016 : net cash inflow amounted to US\$537,000) (Note 16). Further information of these derivative financial instruments is disclosed in Note 16.

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v) Fair value of 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 these financial asset and financial liability are determined, and where relevant, the valuation techniques and inputs used.

Financial asset (liability)	Fair value as at (US\$'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2017	2016		
	Asset (Liability)	Asset (Liability)		
Derivative Financial Instruments (Note 16)				
Forward foreign exchange contract - unrealised fair value gain		13,627	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.
Forward foreign exchange contract - unrealised fair value loss	(26,741)	(13,090)	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, other than the non-current other receivables, loan receivables and loan payables. Management estimates that the carrying amounts of the non-current other receivables, loan receivables and loan payables approximate their fair values as the management expects the borrowing rates to be similar to those made available to the company at the end of the reporting period.

(d) 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, loans from related companies and short-term bank loans. This overall strategy remains unchanged from prior year.

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5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of 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.

Many of the company's transactions and arrangement are between members the group. The intercompany balances are unsecured, interest-free and repayable on demand except as disclosed in Notes 9 and 17 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:

	2017	2016
	US\$'000	US\$'000
<u>With ultimate holding company</u>		
Sales of goods to ultimate holding company	(1,168,096)	(539,346)
Service rendered to ultimate holding company	(22)	(1,827)
Purchase of intangible assets	73	365
<u>With immediate holding company</u>		
Interest paid/payable to immediate holding company	10,531	9,874
Interest received/receivable from immediate holding company	(34,938)	(337)
Service rendered from immediate holding company	165	187
<u>With subsidiary</u>		
Interest received/receivable from subsidiary	(43,099)	(50,569)
<u>With related companies</u>		
Sales of goods to a related company	(1,808,811)	(1,500,290)
Service income arising from the purchase of debts of a related company from an outside parties	(1,445)	(7,361)
Service income from a related company	(333)	(15)
Service rendered from a related company	70,187	50,969
Purchases of goods from a related company	3,010	-
Purchases of receivables from a related company	10,284	223,080
Interest received/receivable from related companies	(15,353)	(29,803)
Interest paid/payable to related companies	99,832	105,528

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 capacity as directors and/or executives of these related companies.

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6. CASH AND CASH EQUIVALENTS

	2017	2016
	US\$'000	US\$'000
Cash at bank	45,651	17,606

7. TRADE RECEIVABLES

	2017	2016
	US\$'000	US\$'000
Related companies (Note 5):		
Purchase of related company's debt	-	80,250
Service charge income	-	2,407
Sales of goods to ultimate holding company	112,551	82,715
Sales of goods to a related company	1,114,029	664,747
Outside parties	1,393	1,018
	<u>1,227,973</u>	<u>831,137</u>

The average credit period on sales of goods is ___ to ___ days (2016 : 3 to 180 days). The credit term of the settlement period on the purchase of a related company's debt is ___ days (2016 : 180 days). No interest is charged on the outstanding balances.

There are no trade receivable balances which are past due at the reporting date for which the company has not provided any allowance for doubtful debts as at March 31, 2017 and 2016. 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. Management is of the opinion that the risk of default by the related companies to be low.

8. OTHER RECEIVABLES

	2017	2016
	US\$'000	US\$'000
Accrued interest income on debenture loans to subsidiary (Notes 5, 9 and 12)	12,551	10,782
Accrued interest income on loans to immediate holding company	32,992	101
Accrued interest income on loans to related companies (Note 5)	6,237	12,116
Advances to a related company	7,765	534
Receivable from ultimate holding company (Note 5)	2,032	25
Prepayments	64	52
Outside parties	4,449	2,365
	<u>66,090</u>	<u>25,975</u>
Less: Non-current portion of accrued interest income on loans to related company ⁽ⁱ⁾ (Note 5)	-	(413)
	<u>66,090</u>	<u>25,562</u>

⁽ⁱ⁾ This relates to accrued interest income on interest-bearing long-term loan to a related company, Tata Steel Mineral Canada Ltd, which is only due for repayment by March 2020. The accrued interest is charged at the same interest rate applicable to the loan (Note 9).

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9. LOAN RECEIVABLES

	2017	2016
	US\$'000	US\$'000
Immediate holding company ⁽ⁱ⁾ (Note 5)	1,333,946	451,891
Related companies ^{(ii),(iv)} (Note 5)	379,030	582,140
Debenture on loan to subsidiary ⁽ⁱⁱⁱ⁾ (Note 5)	747,155	1,042,203
		<u>2,076,234</u>
Less: Non-current portion of loan receivables from related company ^(iv)	<u>(500,000)</u>	<u>(35,000)</u>
	<u>1,960,131</u>	<u>2,041,234</u>

Loan receivables consist of:

- (i) As at March 31, 2017, loan receivables of US\$1,334,000 (2016 : US\$451,891,000) from immediate holding company, T S Global Holdings Pte. Ltd. are under cash-pooling arrangement, unsecured, bear interest ranging from 0.02% to 0.32% (2016 : 0.08% to 0.32%) per annum and are repayable upon demand.
- (ii) (a) As at March 31, 2017, loan receivables of US\$379,030,000 (2016 : US\$482,677,000) from a related company, Tata Steel Europe Ltd. are unsecured, bear interest at 12 months LIBOR + 4.00% per annum (2016 : 12 months LIBOR + 4.00% per annum). These loans are repayable by September 2016 and January 2017. The related company has the option to repay the loans earlier without any penalty.
- (ii) (b) As at March 31, 2016, loan receivables of US\$64,463,000 from a related company, Tata Steel Mineral Canada Ltd. are unsecured, bear interest ranging from 6.27% to 6.90% per annum. These loans are repayable over the period from April 2016 to October 2016. The related company has the option to repay the loans earlier without any penalty. These loans were fully repaid in September 2016.
- (iii) As at March 31, 2017, debenture loans of US\$747,156,000 (2016 : US\$1,042,203,000) to subsidiary, Proco Issuer Pte. Ltd. are unsecured, bear interest at 4.45% plus one month LIBOR per annum (2016 : 5.45% plus one month LIBOR per annum) during the year and are repayable within 12 months (2016 : 12 months) from the date of inception of the loans. The subsidiary has the option to repay the loans earlier without any penalty.
- (iv) As at March 31, 2016, long-term loan receivable of US\$35,000,000 from related company, Tata Steel Mineral Canada Ltd. is unsecured, bear interest ranging 6.42% to 6.87% per annum. These loans are repayable by March 2020. These loans were fully repaid in September 2016.

10. INVENTORIES

In 2016, there was a reversal of US\$2,198,000 due to sale of inventories with higher value during the year for which allowance was previously made.

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

11. EQUIPMENT

	US\$'000
Cost:	
At April 1, 2015	1,474
Additions	<u>86</u>
At March 31, 2016	1,560
Additions	<u>310</u>
At March 31, 2017	<u>1,870</u>
Accumulated depreciation:	
At April 1, 2015	1,086
Depreciation expense	<u>158</u>
At March 31, 2016	1,244
Depreciation expense	<u>246</u>
At March 31, 2017	<u>1,490</u>
Carrying amount:	
At March 31, 2017	<u>380</u>
At March 31, 2016	<u>316</u>

12. INTANGIBLE ASSETS

	US\$'000
Cost:	
At April 1, 2015	-
Additions	<u>365</u>
At March 31, 2016	365
Additions	<u>163</u>
At March 31, 2017	<u>528</u>
Accumulated amortisation:	
At April 1, 2015	-
Amortisation expense	<u>24</u>
At March 31, 2016	24
Amortisation expense	<u>117</u>
At March 31, 2017	<u>141</u>
Carrying amount:	
At March 31, 2017	<u>387</u>
At March 31, 2016	<u>341</u>

Intangible asset relates to computer software and are amortised over their useful lives of five years. Amortisation expense is recorded in "administrative expenses" in the statement of profit or loss.

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

13. SUBSIDIARY

	2017	2016
	US\$'000	US\$'000
Unquoted equity shares, at cost	*	*

Details of the company's subsidiary at March 31, 2017 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2017	2016	
		%	%	
Proco Issuer Pte. Ltd.	Singapore	100	100	Dealing in factoring of accounts receivables

* Amount is less than US\$1,000.

14. TRADE PAYABLES

	2017	2016
	US\$'000	US\$'000
Trade payable:		
Related companies (Note 5)	5,084	15,775
Outside parties	407,228	223,858
	<u>412,312</u>	<u>239,633</u>

The credit period on trade payables ranges from ___ to ___ days (2016 : 3 to 60 days). No interest is charged on the outstanding balances.

15. OTHER PAYABLES AND ACCRUED EXPENSES

	2017	2016
	US\$'000	US\$'000
Unearned service income arising from the purchase of debts of a related company (Note 5)	-	1,136
Accrued interest expense on loans from:		
Immediate holding company (Note 5)	1,754	812
Related companies (Note 5)	16,600	17,513
Accrued interest expense on short-term bank loans	373	242
Withholding tax payable	451	-
Other payable to:		
Immediate holding company (Note 5)	26	51
Related companies (Note 5)	-	2,148
Other payables and accrued expenses	<u>7,704</u>	<u>1,631</u>
	<u>26,908</u>	<u>23,533</u>

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NOTES TO FINANCIAL STATEMENTS
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16. DERIVATIVE FINANCIAL INSTRUMENTS

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Asset:		
Forward foreign exchange contracts - unrealised fair value gain	<u>-</u>	<u>13,627</u>
Liability:		
Forward foreign exchange contracts - unrealised fair value loss	<u>(26,741)</u>	<u>(13,090)</u>

The company utilizes 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:

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Forward foreign exchange contracts	<u>1,764,153</u>	<u>1,750,193</u>

These arrangements are designed to address significant exchange exposure during the financial year.

Changes in the fair value of derivative financial instruments

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Opening fair value of derivative financial instruments	537	37,515
Fair value losses of derivative financial instruments		
Recognized in profit or loss (Note 22)	<u>(27,278)</u>	<u>(36,978)</u>
Net closing fair value of derivative financial instruments	<u>(26,741)</u>	<u>537</u>

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

The following table details the forward foreign currency contracts outstanding as at March 31, 2017.

Outstanding contracts	Average exchange rate	Foreign currency FC\$'000	Contract value US\$'000	Fair value (losses) gains US\$'000
Sell Euro less than 3 months	1.06	85,047	90,925	(863)
Buy GBP less than 3 months	1.25	16,068	20,019	68
Sell GBP less than 3 months	1.25	1,274,624	1,588,059	(25,667)
Buy SGD less than 3 months	0.72	11,060	7,913	236
Sell SGD less than 3 months	0.72	80,000	57,237	(515)
Total			1,764,153	(26,741)

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NOTES TO FINANCIAL STATEMENTS
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The following table details the forward foreign currency contracts outstanding as at March 31, 2016.

Outstanding contracts	Average exchange rate	Foreign currency FC\$'000	Contract value US\$'000	Fair value (losses) gains US\$'000
Buy CAD less than 3 months	0.77	55,000	42,442	(1,326)
Sell Euro less than 3 months	1.13	123,130	139,784	(1,524)
Buy GBP less than 3 months	1.44	16,068	23,112	(104)
Sell GBP less than 3 months	1.44	1,026,970	1,477,238	5,743
Buy SGD less than 3 months	0.74	11,060	8,213	129
Sell SGD less than 3 months	0.74	80,000	59,404	(2,381)
Total			1,750,193	537

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

17. LOAN PAYABLES

	2017	2016
	US\$'000	US\$'000
Immediate holding company ⁽ⁱ⁾ (Note 5)	975,921	615,181
Related companies ⁽ⁱⁱ⁾ (Note 5)	1,494,459	1,585,580
	<u>2,470,380</u>	<u>2,200,761</u>
Less: Loan payables due in more than 12 months	<u>(1,494,459)</u>	<u>(1,496,058)</u>
	<u>975,921</u>	<u>704,703</u>

Loan payables consist of:

- (i) As at March 31, 2017, original short-term loan payables of US\$975,921,000 (2016 : US\$615,181,000) due to the immediate holding company, T S Global Holdings Pte. Ltd. under the cash-pooling arrangement are unsecured, bear interest ranging from 0.93% to 2.10% (2016 : 1.10% to 1.78%) per annum and are repayable upon demand.
- (ii) (a) As at March 31, 2016, loans from related a company, T S Global Minerals Holdings Pte. Ltd. amounting to US\$89,522,000 are unsecured, bear interest at one month LIBOR + 4.75% per annum and are repayable within 24 months from the date of inception of the loans. These loans are payable over the period from October 2016 to December 2016. These loans were fully repaid in December 2016.
- (b) As at March 31, 2017, long-term loans from a related company, Abja Investment Co. Pte. Ltd. amounting US\$500,000,000 and US\$988,000,000 are unsecured, bear interest at 5.35% (2016 : 5.35%) and 6.45% (2016 : 6.45%) per annum, and are repayable by January 2020 and July 2024 respectively. In 2016, the interest rates for the long-term loans of US\$500,000,000 and US\$988,000,000 were revised from 4.95% to 5.35% and 6.05% to 6.45% per annum respectively with effect from April 1, 2015 until the end of the tenure of the loans.

These long-term loans are measured at an amortised cost of US\$992,467,000 (2016 : US\$993,274,000) and US\$501,992 (2016 : US\$502,784,000) based on effective interest method with effective interest rates of 6.88% (2016 : 6.88%) and 5.79% (2016 : 5.79%) per annum respectively.

During the current year, the interest rates for the long-term loans of US\$988,000,000 and US\$500,000,000 are revised from 6.45% to 6.92% and 5.35% to 5.92% per annum respectively with effect from April 1, 2016 until the end of the tenure of the loans. Any future revision of interest rates due to market changes will be at mutual agreement of both parties.

T S GLOBAL PROCUREMENT COMPANY PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
March 31, 2017

18. BANK LOANS

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Bank loans	<u>620,816</u>	<u>149,209</u>

As at March 31, 2017, bank loans are unsecured, bear interest at rates ranging from 1.71% to 3.48% (2016 : 1.82% to 2.01%) per annum and are repayable from April 2017 to September 2017 (2016 : April 2016).

19. DEFERRED TAX ASSET (LIABILITY)

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Deferred tax asset (liability)	<u>4,427</u>	<u>(453)</u>

The deferred tax asset (liability) is unrealized by the company in the current year on account of interest from foreign sources not remitted to Singapore and unrealized fair value gain on derivative financial instruments. The movement during the reporting period is as follow:

	Unremitted foreign source income US\$'000	Unrealised fair value gain on derivative financial instruments US\$'000	Total US\$'000
At April 1, 2015	(1,107)	(5,374)	(6,481)
Credit to profit or loss for the year (Note 24)	745	5,283	6,028
At March 31, 2016	(362)	(91)	(453)
Credit (Debit) to profit or loss for the year (Note 24)	243	4,637	4,880
At March 31, 2017	<u>(119)</u>	<u>4,546</u>	<u>4,427</u>

20. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Number of ordinary shares		US\$'000	US\$'000
Issued and paid up:				
At beginning and end of year	<u>99,635,239</u>	<u>99,635,239</u>	<u>99,635</u>	<u>99,635</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

21. REVENUE

	2017	2016
	US\$'000	US\$'000
Sale of goods to:		
Outside party	231,123	-
Ultimate holding company (Note 5)	1,168,096	539,346
Related companies (Note 5)	1,808,811	1,500,290
	<u>3,208,030</u>	<u>2,039,636</u>
Sale of carbon credits	-	26,678
Service income arising from the purchase of debts of a related company from an outside parties (Note 5)	1,445	7,361
Service income from:		
Ultimate holding company (Note 5)	22	1,827
Related company (Note 5)	-	15
	<u>3,209,497</u>	<u>2,075,517</u>

22. OTHER OPERATING INCOME - NET

	2017	2016
	US\$'000	US\$'000
Interest income from loans to:		
Subsidiary (Note 5)	43,099	50,569
Related companies (Note 5)	15,686	29,803
Immediate holding company (Note 5)	34,938	337
Interest income from banks	45	58
Foreign exchange gain - net	27,369	36,724
Fair value losses on derivative financial instruments (Note 16)	(27,278)	(36,978)
	<u>93,859</u>	<u>80,513</u>

23. FINANCE COSTS

	2017	2016
	US\$'000	US\$'000
Interest expenses on loans from:		
Immediate holding company (Note 5)	10,531	9,874
Related companies (Note 5)	99,832	105,528
Interest expenses on bank loans	12,815	1,102
Bank overdrafts interest	5	5
	<u>123,183</u>	<u>116,509</u>

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NOTES TO FINANCIAL STATEMENTS
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24. INCOME TAX EXPENSE

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Current income tax		
- current year	9,111	7,587
- overprovision in prior year	46	(46)
Deferred tax (Note 19)		
- current year	(4,880)	(4,824)
- overprovision in prior year	-	(1,204)
Total tax expense	<u>4,277</u>	<u>1,513</u>

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:

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Profit before income tax	<u>21,448</u>	<u>12,054</u>
Income tax at statutory rate	3,646	2,049
Effect of tax concession for GTP transactions	(291)	768
Overprovision in prior year	46	(1,250)
Tax-exempt income and rebate	(26)	(33)
Other	902	(21)
	<u>4,277</u>	<u>1,513</u>

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 10% for profits derived from qualifying activities. Profits from non-qualifying sources, if any, are taxed at 17%.

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NOTES TO FINANCIAL STATEMENTS
March 31, 2017

25. PROFIT FOR THE YEAR

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

	<u>2017</u>	<u>2016</u>
	US\$'000	US\$'000
Reversal of allowance for inventories	-	(2,198)
Depreciation and amortisation expense	363	182
Cost of inventories recognised as expenses	-	2,022,511
Fair value gains on derivative financial instruments (Note 16)	27,278	36,978
Staff cost	1,629	1,610
Foreign exchange loss - net	<u>(27,369)</u>	<u>(36,724)</u>

The directors did not receive any remuneration from the company. They received remuneration from related companies in their capacity as directors and/or executives of those related companies.