NATSTEEL ASIA PTE LTD
(Incorporated in Singapore. Registration Number: 200404147Z)

FINANCIAL STATEMENTS
For the financial year ended 31 March, 2019

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The directors present their statement to the members together with the audited financial statements for the financial year ended March, 2019.

In the opinion of the directors,

(a) the financial statements as set out on pages 4 to 30 drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Ashish Anupam
Ms Simran Sethi

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings in which a director is deemed to have an interest	
	At 31.03.2019	At 1.4.2018 or date of appointment, if later
Ultimate holding corporation – Tata Steel Limited		
(Ordinary shares of Rupees 10 each)		
Ashish Anupam	199	199

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Ashish Anupam	Simran Sethi
Director	Director

[00.00.2019]

Independent Auditor’s Report to
The Members of the Natsteel Asia Pte Ltd

[Replace with independence auditor’s report]

NATSTEEL ASIA PTE. LTD
STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	**2019 US$'000**	2018 US$'000
Other income			
- Interests	5	**5,542**	6,155
- Others (Net)	6	**(8,168)**	14,366
Expenses			
- Administrative		**(203)**	(18)
- Finance	7	**(74,913)**	(28,092)
Loss before income tax		**(77,742)**	(7,589)
Income tax expense		**-**	-
Loss after income tax		**(77,742)**	(7,589)
Total comprehensive loss for the year		**(77,742)**	(7,589)

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

NATSTEEL ASIA PTE. LTD.

BALANCE SHEET
As at 31 March 2019

	Note	**2019 US$'000**	2018 US$'000
ASSETS			
Current assets			
Cash and bank deposits	8	**2,261**	2,256
Other current assets	9	**1,551**	47,875
		3,812	50,131
Non-current assets			
Loan to related corporation	9	**145,858**	171,726
Other Investments	10	**1,591,199**	-
Investment in Subsidiary	11	**1,032**	1,032
		1,738,089	172,758
Total assets		**1,741,901**	222,889
LIABILITIES			
Current liabilities			
Trade and other payables	12	**7,813**	6,100
Current income tax liabilities		**29**	29
		7,842	6,129
Non-current liabilities			
Borrowings	13	**1,600,035**	-
Total liabilities		**1,607,877**	6,129
NET ASSETS		**134,024**	216,760
EQUITY			
Share capital	14	**171,975**	171,975
Fair value reserve	15	**33,892**	33,892
Retained earnings		**(71,843)**	10,893
Total equity		**134,024**	216,760

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

NATSTEEL ASIA PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Note	Share capital US$'000	Exchange translation reserve US$'000	Retained profits US$'000	Total equity US$'000
2019					
Balance as at 31 March 2018		**171,975**	**33,892**	**10,893**	**216,760**
Adoption of FRS 115	2.1(a)	-	-	-	-
Adoption of FRS 109	2.1(b)	-	-	-	-
Balance as at 1 April 2018		**171,975**	**33,892**	**10,893**	**216,760**
Loss for the year				(77,742)	(77,742)
Other comprehensive income for the year					
Total comprehensive income		**171,975**	**33,892**	**(66,849)**	**139,018**
Total transactions with owners, recognised directly in equity					
- Arising from fair value of Long term interest-free loan				(4,994)	(4,994)
End of financial year		**171,975**	**33,892**	**(71,843)**	**134,024**
2018					
Beginning of financial year		171,975	33,892	24,336	230,203
Loss for the year				(7,589)	(7,589)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income		171,975	33,892	16,747	222,614
Total transactions with owners, recognised directly in equity					
- Arising from fair value of Long term interest-free loan				(5,854)	(5,854)
End of financial year		**171,975**	**33,892**	**10,893**	**216,760**

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

NATSTEEL ASIA PTE. LTD.

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	**2019 US$'000**	2018 US$'000
Cash flows from operating activities			
Profit before tax		**(77,742)**	(7,589)
Adjustments for:			
- Deemed Interest income	5	**(5,537)**	(6,150)
- Interest income	5	**(5)**	(5)
- Interest expense	7	**74,913**	28,092
		(8,371)	14,348
Changes in working capital:			
- Trade and other receivables		**10,982**	(14,747)
- Trade and other payables		**(162)**	365
Cash generated from operations		**2,449**	(34)
Income tax paid		**-**	-
Net cash provided by operating activities		**2,449**	(34)
Cash flows from investing activities			
Repayment of Loan to related corporation		**61,753**	37,304
Investment in Preference Shares (Net)	10	**(1,591,199)**	-
Other investment		**-**	449,848
Interest received		**5**	5
Net cash used in investing activities		**(1,529,441)**	487,157
Cash flows from financing activities			
Proceeds/(Repayments) from borrowings		**1,593,014**	(460,000)
Interest paid		**(66,017)**	(27,121)
Net cash provided by/(used in) financing activities		**1,526,997**	(487,121)
Net increase in cash and cash equivalents		**5**	2
Cash and cash equivalents			
Beginning of financial year	8	**2,256**	2,254
Cash and cash equivalents at end of financial year	8	**2,261**	2,256

Reconciliation of liabilities arising from financial activities

	1 April 2018 US$'000	Proceeds from borrowings US$'000	interest payments US$'000	Non-cash changes US$'000 Interest expense	Non-cash changes US$'000 Other Changes [1]	31 March 2019 US$'000
Bank Loan (Note – 13)	-	1,593,014			7,021	1,600,035
Accrued Interest (Note – 12)	432	-	(66,017)	67,893	-	2,308

[1] Other Changes include amortization of prepaid upfront bank facility fees.

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company (Registration No. 200404147Z) is incorporated and domiciled in Singapore. The address of its registered office is 22 Tanjong Kling Road, Singapore 628048.

The principal activity of the Company is that of investment holding. The principal activity of its subsidiary is disclosed in Note 11 to the financial statements.

The financial statements of the Company for the year ended March 31, 2019 were authorised for issue by the Board of Directors on XXXXXX.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2019

On 1 April 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

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

(a) Adoption of FRS 115 Revenue from Contracts with Customers

The Company has adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 2017 are not restated.

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.2.

There are no effects on adoption of FRS 115.

(b) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.9.

There are no effects on adoption of FRS 109.

2.2 Revenue from contracts with customers

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

2. Significant accounting policies (continued)

(a) Interest income

Interest income is recognised using the effective interest rate method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

2.3 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.5 Borrowing costs

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

2. Significant accounting policies (continued)

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

2.7 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Financial assets

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

(i) Loans and receivables

Cash and bank deposits
Trade and other receivables
Loan to related corporation

Bank balances, trade and other receivables and loan to related corporation are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(i) Loans and receivables (continued)

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are initially recognised at fair values plus transaction costs and subsequently carried at fair values. Changes in fair values are recognised in other comprehensive income and accumulated in the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(ii) Financial assets, available-for-sale (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through the profit or loss in subsequent period.

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

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(i) At initial recognition

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

(ii) At subsequent measurement

1. Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, trade receivables and loan to related corporation.

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

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

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(ii) At subsequent measurement (continued)

1. Debt instrument (continued)

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

For loan to related corporation and cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gain/(losses)”, except for those equity securities which are not held for trading.

The Company has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Company considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as “fair value gain and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(ii) At subsequent measurement (continued)

2. Equity investments (continued)

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

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

2.10 Derivative financial instruments

A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Borrowing

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

2. Significant accounting policies (continued)

2.12 Borrowing (continued)

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of FRS 115; and

(b) the amount of expected loss computed using impairment methodology under FRS 109.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amount payable to the banks in the event it is probable that the Company will reimburse the bank.

2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.16 Dividends

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

2.17 Currency translation

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency").The financial statements are presented in US Dollar, which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.17 Currency translation (continued)

Transactions in a currency other than functional currency ("foreign currency") are translated into functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Holding Company and Related Company Transactions

The Company is a wholly-owned subsidiary of Tata Steel Limited, incorporated in India, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

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

Other than as disclosed elsewhere in the financial statements, significant transactions with related companies during the year are as follows:

	2019	2018
	US$'000	US$'000
Investment in unquoted Compulsory Convertible Preference Shares in T S Global Holdings Pte. Ltd.	1,591,199	-

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 corporations, for their capacity as directors and/or executives of these related corporations.

5. Other income

	2019	2018
	US$'000	US$'000
Interest income from financial assets measured at amortised cost		
- Bank	**5**	5
- Deemed Interest income arising from loan to related company	**5,537**	6,150
	5,542	6,155

6. Others (Net)

	2019	2018
	US$'000	US$'000
Foreign currency exchange gain/(loss)	**(7,136)**	14,391
Bank charges	**(1,032)**	(25)
	(8,168)	14,366

7. Finance expenses

	2019	2018
	US$'000	US$'000
Interest expense		
- bank borrowings	**67,893**	20,313
- Amortization of bank facility fee	**7,020**	7,779
	74,913	28,092

8. Cash and bank deposits

	2019	2018
	US$'000	US$'000
Cash and bank balances	**2,261**	2,256
	2,261	2,256

9. Other Current Assets

	2019	2018
	US$'000	US$'000
Loan to related company[1] (Note – 4)		
- Current	**1,551**	47,875
- Non-Current	**145,858**	171,726
	17,088	47,875

(1) In financial year ended 2009, the Company provided a loan to a related company, with an original value of S$402,696,000 (US$280,929,000). This loan was interest-free, unsecured and repayable in 5 years. The loan was measured at amortised cost using the effective interest rate of 3.2075% and arising from the discounting was a fair value of S$56,649,000 (US$39,594,000), which was directly debited in equity.

Upon the initial maturity on July 31, 2017, the tenure of the loan was renewed for another 1 year at an effective interest rate of 2.50% and repayable in July 2018. The effective interest rate applied is based upon the borrowing rate which the management expects would be available to the related company. Management is of the view that the carrying amount of the loan approximates its fair value.

In July 2018, the tenure of the loan was renewed for another 1 year at an effective interest rate of 2.50% and repayable in July 2019. The amortised cost at March 31, 2019 is S$201,462,000 (US$148,631,000) as S$89,043,000 (US$63,945,000) has been repaid during the year.

Subsequent to year end, the Company has entered into an agreement to renew the tenure of the loan for another year with effect from the current maturity and partial repayments to be received on stipulated date. Accordingly, US$1,551,000 of the receivables is classified as current balance.

10. Other Investment

	2019	2018
	US$'000	US$'000
Investment in Compulsorily Convertible Preference Share (Note 4) [1]	**1,591,199**	-
	1,591,199	-

1. The company has initially subscribed in compulsorily convertible preference shares of T S Global Holdings Pte. Ltd. amounting to US$ 1,260,000,000 consisting of 1,260,000,000 nos of preference shares each at US$ 1.00 and EUR 468,508,104 consisting of 468,508,104 nos of preference shares each at EUR 1.00 with maturity period of 10 years.

   As at 28.03.2019 T S Global Holdings Pte. Ltd. has redeemed amounting US$ 138,337,802 consisting 138,337,802 nos of preference shares and EUR 50,242,156 consisting of 50,242,156 nos of preference shares.

11. Investment in Subsidiary

	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	**1,032**	1,032
	1,032	1,032

Details of the Company's subsidiary at the end of the reporting periods are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
TS Asia (Hong Kong) Limited	Hong Kong	100	100	Trading of chrome products

12. Other payables

	2019	2018
	US$'000	US$'000
Related Company	**5,469**	5,639
Accrued Expenses	**36**	29
Accrued Interest	**2,308**	432
	7,813	6,100

13. Borrowings

	2019	2018
	US$'000	US$'000
Non-current		
Bank Loan	**1,600,035**	-
	1,600,035	-

On 29 March 2018, the Company entered into an unsecured six year US$1,290,000,000 ("Facility A") and €468,508,104 ("Facility B") loan facilities agreement with First Abu Dhabi Bank PJSC. The loan facilities will terminate in April 2024, 72 months after first utilisation date.

The interest rate under Facility A is based on LIBOR rate plus margin of 2.00% per annum. The interest rate under Facility B is based on EURIBOR rate plus margin of 2.00% per annum.

During the year, company has repaid US$ 138,338,000 and € 50,242,000 (US$ 58,605,000) of Facility A and Facility B respectively

Bank loan includes unamortised bank facilities fee amounting to US$ 21,164,000 which will be amortised over the remaining loan period.

14. Share capital

	2019	2018
	US$'000	US$'000
Issued and paid up:		
At the beginning and end of the year	171,975	171,975

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

15. Exchange translation reserve

On 31 October 2016, the Company changed its functional currency from SGD to USD. The exchange translation reserve represents exchange differences arising from the translation of the financial statements due to functional currency being different from that of the presentation currency in the prior years.

16. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The Company's foreign currency exposure arose mainly from the exchange rate movements of the Singapore dollar against the United States dollar, the functional currency.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities not denominated in United States dollar are as follows:

	Assets		Liabilities	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Singapore dollar	147,409	219,601	5,488	5,653

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign exchange against the functional currency of the Company. The 10% sensitivity rate represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period

16. Financial risk management (continued)

end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to related company where they gave rise to an impact on the Company's profit or loss.

If the relevant foreign currency strengthens by 10% against the functional currency of the Company, profit or loss for the year will increase by:

	2019	2018
	US$'000	US$'000
Impact of:		
Singapore dollar	14,192	21,395

If the relevant foreign currency weakens by 10% against the Company's functional currency, the effect on profit or loss for the year will be the equal and opposite.

(ii) Interest rate risk management

The Company has certain non-current loan receivables due from a related company which are carried at amortised cost (Note 9) where effective interest rate has been fixed over the loan period.

The Company has variable rate borrowings. Management actively reviews the debt portfolio and switches to more cost-effective sources of funding to achieve a certain level of protection against interest hikes. Summary quantitative data of the Company's interest-bearing financial instruments can be found in Section (c) of this Note.

Interest rate sensitivity analysis

If interest rates had been 50 basis points higher or lower and all other variables were held constant, interest cost would increase or decrease by approximately US$ 8,849 (2018 : US$ Nil).

Reasonably possible changes in interest rates on cash and cash equivalents (Note 8) are not expected to have a significant impact on operating results.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

16. Financial risk management (continued)

(i) Risk management

The Company adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties who are rated “A” and above by independent rating agencies.

For wholesale customers, the Head of Credit Control will perform credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account credit ratings by independent rating agencies, evaluation of financial strength, the Company’s past experiences with the customers and other relevant factors. The Head of Credit Control will set credit limits (amount and period) by individual counterparty and groups of related counterparties which are required to be within the limits set by the Board of Directors. Compliance with credit limits are monitored regularly by credit controllers and exceptions beyond a certain threshold are discussed at executive management committee (EXCO) meetings.

For retail customers, they are required to settle all transactions in cash or using credit cards issued by reputable financial institutions. Accordingly, credit risks on these customers are insignificant.

Loan to a related corporation is provided under the overall group treasury strategy. The Group Treasury entity has sufficient financial assets and other committed credit lines to meet the cash flow needs of the Group.

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(c) Liquidity risk

The table below analyses the Company’s non-derivative financial liabilities and derivatives that are used to hedge foreign currency purchases into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

16. Financial risk management (continued)

Financial Assets

	Less than 1 year US$'000	Between 2 and 5 years US$'000
At 31 March 2019		
Non-interest bearing	2,261	-
Deemed interest bearing	1,551	145,858
At 31 March 2018		
Non-interest bearing	2,256	-
Deemed interest bearing	48,272	173,149

Financial Liabilities

	Less than 1 year US$'000	Between 2 and 5 years US$'000
At 31 March 2019		
Non-interest bearing	7,813	-
interest bearing	-	1,600,035
At 31 March 2018		
Non-interest bearing	6,100	-

(d) Capital Risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary. The Company is not subject to any externally imposed capital requirements.

16. Financial risk management (continued)

(e) Fair value measurements

The fair value of financial instruments traded in active markets (financial assets, at FVOCI/ Available-for-sale, listed equity investments) are determined based on quoted current bid prices at the balance sheet date. These instruments are included in Level 1 fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

There were no transfers between level 1 and level 2 fair values during the year.

The carrying value less impairment provision of current trade receivables, trade payables and borrowings are approximate to their fair values. The fair value of non-current financial liabilities and financial asset are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of non-current borrowings and loan to related corporations are disclosed in Note 13 and Note 9 respectively.

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	2019	2018
	US$'000	US$'000
Financial assets, at amortised cost	**1,740,869**	221,857
Financial liabilities, at amortised cost	**1,629,013**	6,100

(g) Offsetting financial assets and financial liabilities

There are no offsetting or netting arrangements in 2019 and 2018 for financials asset and liability.

17. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2019 and which the Company has not early adopted:

(a) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

As at the reporting date, the company has no leases.

(b) INT FRS 123 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions as disclosed in Note 3(a) on the adoption of the interpretation on 1 April 2019.

18. Loss For The Year

There are no staff costs incurred in 2019 and 2018. Administrative service was performed by a related company.

19. Fair Value of Interest –Free Loan

This relates to appropriate fair value accounting treatment under FRS 109 *Financial Instruments: Recognition and Measurement* on an unsecured interest-free long- term loan to a related company.

20. Figures for the previous year have been regrouped wherever necessary to confirm with figures for the current year.