



**NATSTEEL TRADE
INTERNATIONAL PTE LTD
(Registration No. 197702269N)**

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2016

NATSTEEL TRADE INTERNATIONAL PTE LTD

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

	<u>PAGE</u>
Director's statement	1 - 2
Independent auditors' report	3 - 4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to financial statements	9 - 30

NATSTEEL TRADE INTERNATIONAL PTE LTD

DIRECTORS' STATEMENT

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

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

1 DIRECTORS

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

Ashish Anupam	(Appointed on April 27, 2015)
Clement Lim Chee Wei	(Resigned on January 13, 2016)
Choo Teow Lim, Melvin	
Joseph Yong Soo Kyun	
Lim Yong Peng	
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:

Name of directors and companies <u>in which interests are held</u>	Shareholdings registered in the <u>name of directors</u>		Shareholdings in which directors are deemed <u>to have an interest</u>	
	At beginning of year or date of appointment <u>if later</u>	At end of year	At beginning of year or date of appointment <u>if later</u>	At end of year
<u>Tata Steel Limited</u>				
			<u>Ordinary shares of Rupees 10 each</u>	
Ashish Anupam	185	185	-	-
Sanjib Nanda	484	484	-	-

NATSTEEL TRADE INTERNATIONAL PTE LTD

DIRECTOR'S 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*

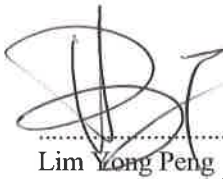
At the end of the financial year, there were no unissued shares of the company under options.

5 AUDITORS

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

ON BEHALF OF THE DIRECTORS


.....
Sanjib Nanda


.....
Lim Yong Peng

August 15, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

NATSTEEL TRADE INTERNATIONAL PTE LTD

Report on the Financial Statements

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

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
NATSTEEL TRADE INTERNATIONAL PTE LTD**

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

August 15, 2016

NATSTEEL TRADE INTERNATIONAL PTE LTD

**STATEMENT OF FINANCIAL POSITION
March 31, 2016**

	<u>Note</u>	<u>2016</u> US\$'000	<u>2015</u> US\$'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	7	56	76
Trade receivables	8	10	6,418
Other receivables	9	<u>14,231</u>	<u>13,257</u>
Total current assets		<u>14,297</u>	<u>19,751</u>
Non-current assets			
Plant and equipment	10	1	2
Subsidiary	11	200	200
Other asset		<u>9</u>	<u>9</u>
Total non-current assets		<u>210</u>	<u>211</u>
Total assets		<u>14,507</u>	<u>19,962</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables	12	61	5,759
Other payables	13	181	406
Income tax payable		<u>49</u>	<u>17</u>
Total current liabilities		<u>291</u>	<u>6,182</u>
Non-current liability			
Deferred tax liabilities	14	<u>*</u>	<u>*</u>
Capital and reserves			
Share capital	15	1,440	1,440
Retained earnings		<u>12,776</u>	<u>12,340</u>
Total equity		<u>14,216</u>	<u>13,780</u>
Total liabilities and equity		<u>14,507</u>	<u>19,962</u>

* Less than US\$1,000

See accompanying notes to financial statements.

NATSTEEL TRADE INTERNATIONAL PTE LTD

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

	<u>Note</u>	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Revenue	16	70,740	217,148
Cost of sales		<u>(70,075)</u>	<u>(215,676)</u>
Gross profit		665	1,472
Distribution costs		(48)	(532)
Administrative expenses		(409)	(381)
Other operating income (expense) - net	17	229	(640)
Finance costs		<u>-</u>	<u>(4)</u>
Profit (Loss) before tax		437	(85)
Income tax expense	18	<u>(1)</u>	<u>(277)</u>
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	19	<u><u>436</u></u>	<u><u>(362)</u></u>

See accompanying notes to financial statements.

NATSTEEL TRADE INTERNATIONAL PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2016

	<u>Share capital</u> US\$'000	<u>Retained earnings</u> US\$'000	<u>Total</u> US\$'000
Balance at April 1, 2014	1,440	12,702	14,142
Loss for the year, representing total comprehensive loss for the year	<u>-</u>	<u>(362)</u>	<u>(362)</u>
Balance at March 31, 2015	1,440	12,340	13,780
Profit for the year, representing total comprehensive income for the year	<u>-</u>	<u>436</u>	<u>436</u>
Balance at March 31, 2016	<u>1,440</u>	<u>12,776</u>	<u>14,216</u>

See accompanying notes to financial statements.

NATSTEEL TRADE INTERNATIONAL PTE LTD

STATEMENT OF CASH FLOWS
Year ended March 31, 2016

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Operating activities		
Profit (Loss) before tax	437	(85)
Adjustments for:		
Interest income	*	*
Interest expense	-	4
Depreciation of plant and equipment	1	*
Unrealised foreign exchange (gain) loss	<u>(388)</u>	<u>109</u>
Operating cash flows before movements in working capital	50	28
Trade receivables	6,425	(2,514)
Other receivables	(603)	1,356
Trade payables	(5,698)	1,809
Other payables	<u>(225)</u>	<u>(793)</u>
Cash used in operations	(51)	(114)
Interest paid	-	(4)
Interest received	*	*
Income tax received (paid)	<u>31</u>	<u>(125)</u>
Net cash used in operating activities	<u>(20)</u>	<u>(243)</u>
Investing activity		
Purchase of property, plant and equipment, representing net cash used in investing activity	<u>-</u>	<u>(1)</u>
Net decrease in cash and cash equivalents	(20)	(244)
Cash and cash equivalents at beginning of year	<u>76</u>	<u>320</u>
Cash and cash equivalents at end of year	<u>56</u>	<u>76</u>

* Less than US\$1,000

See accompanying notes to financial statements.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

1 GENERAL

The company (Registration No. 197702269N) is incorporated in Singapore with its principal place of business and registered office at 22 Tanjong Kling Road, Singapore 628048. The financial statements are expressed in United States dollars.

The principal activities of the company consist of trading in steel and steel related products and investment holding.

The principal activities of its subsidiary are disclosed in Note 11 to the financial statements.

The financial statements of the company for the year ended March 31, 2016 were authorised for issue by the Board of Directors on August 15, 2016.

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 these 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;

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

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

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

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

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

Management anticipates that the adoption of the above FRSs and improvements to FRSs in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

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

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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

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

Management is currently evaluating the potential impact of the application of FRS 109 and FRS 115 on the financial statements of the company in the period of initial application.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - One set of consolidated financial statements of the company and its subsidiary has not been prepared as the company is a wholly-owned subsidiary of NatSteel Holdings Pte Ltd. Consolidated financial statements which are available for public use, are prepared by its immediate holding company, NatSteel Holdings Pte Ltd, incorporated in Singapore, whose registered office is 22 Tanjong Kling Road, Singapore 628048.

SUBSIDIARY - A subsidiary is an entity controlled by the company. 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.

Effective interest method

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

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are 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, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Trade and other payables

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 except for short-term balances when the recognition of interest would be immaterial.

Derecognition of financial liabilities

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

PLANT AND EQUIPMENT - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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

Office equipment, furniture and fixtures	-	3 years
Computer equipment	-	1 year

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

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

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

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

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 for which the estimates of future cash flows have not been adjusted.

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

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

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.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

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.

Commission income

Commission income is recognised when the services are rendered.

Interest income

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the company are measured and presented in United States dollars, 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 rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimates (see below).

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowances for doubtful debts

The policy for allowances for doubtful debts of the company is based on the evaluation of collectibility of debts, aging analysis of accounts and on management's estimate. A considerable amount of judgement by management 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 the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at the end of the reporting period, trade and other receivables amount to US\$10,000 (2015 : US\$6,418,000) and US\$14,231,000 (2015 : US\$13,257,000) respectively (Notes 8 and 9).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) **Categories of financial instruments**

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

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
<u>Financial assets</u>		
Loans and receivables (including cash and cash equivalents)	<u>14,293</u>	<u>19,751</u>
<u>Financial liabilities</u>		
Amortised costs	<u>232</u>	<u>6,153</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

(b) Financial risk management policies and objectives

The company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the company. The company does not hold or issue derivative instruments for speculative purposes.

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

(i) Foreign exchange risk management

The company transacts business and conducts its operations mainly in United States dollar and Singapore dollar and therefore is exposed to foreign exchange risk. At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than United States dollars are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2016</u> US\$'000	<u>2015</u> US\$'000	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Singapore dollars	<u>5,985</u>	<u>6,222</u>	<u>47</u>	<u>1,237</u>

Management has assessed that if the United States dollar were to strengthen/weaken by 10% against the Singapore dollars, the company's profit before tax will decrease/increase by US\$594,000 (2015 : loss before tax increase/ decrease by US\$499,000).

(ii) Interest rate risk management

The company's exposure to interest rate risk is minimal as there is no significant interest-earning asset or interest-bearing liability.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

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

(iii) Credit risk management

The company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The company only grants credit to creditworthy counterparties.

The company's principal financial assets are cash and cash equivalents and trade and other receivables. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

As at March 31, 2016, Nil% (2015 : 69%) of the company's trade receivables are due from ultimate holding company and related companies and 100% (2015 : 30%) are due from 2 (2015 : 5) outside parties respectively.

As at March 31, 2016, 99% (2015 : 99%) of the company's other receivables are due from immediate holding company (Note 9) and 1% (2015 : 1%) are due from subsidiary (Note 9).

Management is of the opinion that credit risk relating to these parties is low.

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

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 respectively.

(iv) Liquidity risk management

The company has sufficient funds to finance its working capital requirements. Credit facilities are available from financial institutions when required.

As part of the regional treasury arrangement, certain of the company's funds are swept to the immediate holding company's designated bank account at the end of each working day. As and when required, these funds are readily available and can be transferred back from the immediate holding company for working capital purposes.

All financial assets and financial liabilities are non-derivative in nature, non-interest earning/bearing, and mature or are due on demand or within a year.

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

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

(v) Fair value of financial assets and financial liabilities

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

(c) Capital risk management policies and objectives

The company reviews its capital structure to ensure that the company will be able to continue as a going concern. The capital structure of the company consists of issued capital and retained earnings. The company's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

The company entered into the following significant transactions with its related companies during the year:

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Sale of goods to:		
Ultimate holding company	32,463	44,860
Related companies	23,186	36,487
Commission income from immediate holding company	449	707
Management fee paid to immediate holding company	(165)	(195)
Purchases from:		
Immediate holding company	(41,169)	(81,306)
Related companies	<u>-</u>	<u>(7,509)</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

6 RELATED PARTY TRANSACTIONS

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

The company entered into the following significant transactions with a related party during the year:

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Brand equity and business promotion expenses payable to a related party, a shareholder of the ultimate holding company	<u>20</u>	<u>3</u>

Compensation of directors and key management personnel

There are no key managerial personnel other than the directors of the company. Certain directors were paid remuneration by immediate holding company in their capacity as executives of the immediate holding company. The remuneration of a director during the year was as follows:

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Short-term benefits	78	117
Post employment benefits	<u>7</u>	<u>10</u>
	<u>85</u>	<u>127</u>

7 CASH AND CASH EQUIVALENTS

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Cash at bank	<u>56</u>	<u>76</u>

8 TRADE RECEIVABLES

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Outside parties	10	2,011
Ultimate holding company (Note 5)	-	2,844
Related companies (Note 5)	<u>-</u>	<u>1,563</u>
	<u>10</u>	<u>6,418</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

8 TRADE RECEIVABLES (cont'd)

The credit period on sale of goods to the ultimate holding company and related companies is no more than 30 days and sales of goods to third parties is on cash term or letter of credit issued by banks or credit period of no more than 30 days. No interest is charged on the third parties trade receivables.

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and the past collection history of each customer. Assessment for the requirement of any doubtful debt allowance is based on assessing for the irrecoverable amounts from the sale of goods to be determined by reference to past default experience. For trade receivables that are neither past due nor impaired, management has assessed these to be creditworthy and no allowance for doubtful debts was required.

Included in the company's trade receivable are debtors with a carrying amount of US\$Nil (2015 : US\$466,000) which are past due at the reporting date for which no allowance has been provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral over these balances. The aging profile of these receivables is as follows:

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
<u>Amount past due but no allowance has been made</u>		
Within 30 days	-	466
31 to 60 days	-	-
More than 60 days	<u>-</u>	<u>-</u>
	<u>-</u>	<u>466</u>

9 OTHER RECEIVABLES

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Immediate holding company (Note 5)	14,085	13,122
Subsidiary (Note 11)	140	135
Outside parties	2	-
Prepayments	<u>4</u>	<u>-</u>
	<u>14,231</u>	<u>13,257</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

10 PLANT AND EQUIPMENT

	<u>Computer equipment</u> US\$'000	<u>Office equipment</u> US\$'000	<u>Furniture and fixtures</u> US\$'000	<u>Total</u> US\$'000
Cost:				
At April 1, 2014	25	13	41	79
Additions	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
At March 31, 2015	26	13	41	80
Disposals	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
At March 31, 2016	<u>20</u>	<u>13</u>	<u>41</u>	<u>74</u>
Accumulated depreciation:				
At April 1, 2014	25	12	41	78
Depreciation for the year	<u>*</u>	<u>-</u>	<u>-</u>	<u>*</u>
At March 31, 2015	25	12	41	78
Disposals	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Depreciation for the year	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
At March 31, 2016	<u>19</u>	<u>13</u>	<u>41</u>	<u>73</u>
Carrying amount:				
At March 31, 2016	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
At March 31, 2015	<u>1</u>	<u>1</u>	<u>-</u>	<u>2</u>
* Less than US\$1,000				

11 SUBSIDIARY

	2016 US\$'000	2015 US\$'000
Unquoted equity shares, at cost	<u>200</u>	<u>200</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

11 SUBSIDIARY (cont'd)

Details of the company's subsidiary at the end of the reporting period are as follows:

<u>Name</u>	<u>Country of incorporation (or residence)</u>	<u>Principal activity</u>	<u>Proportion of ownership interest and voting power held</u>	
			<u>2016</u> %	<u>2015</u> %
NatSteel Trade International (Shanghai) Co. Ltd	People's Republic of China	Dormant	100	100

12 TRADE PAYABLES

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Immediate holding company (Note 5)	*	4,144
Related companies (Note 5)	20	-
Outside parties	<u>41</u>	<u>1,615</u>
	<u>61</u>	<u>5,759</u>

The credit period on purchases of goods from the immediate holding company is no more than 30 days and purchases of goods from outside parties are mainly on letter of credit issued by banks. No interest was incurred on the outstanding trade payables.

13 OTHER PAYABLES

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Accruals	85	136
Outside parties	63	255
Advances from customers	10	12
Related party (Note 6)	<u>23</u>	<u>3</u>
	<u>181</u>	<u>406</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

14 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities mainly arises from the excess of tax over book depreciation recognised by the company, and the movements thereon during the current and prior periods:
US\$'000

At April 1, 2014	-
Charge to profit or loss (Note 18)	*
At March 31, 2015	*
Charge to profit or loss (Note 18)	*
At March 31, 2016	*

* Less than US\$1,000

15 SHARE CAPITAL

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Number of ordinary shares ('000)		US\$'000	US\$'000
Issued and fully paid:				
At beginning and end of year	<u>2,941</u>	<u>2,941</u>	<u>1,440</u>	<u>1,440</u>

The company has one class of ordinary share which has no par value, carry one vote per share and a right to dividend when declared by the company.

16 REVENUE

	<u>2016</u>	<u>2015</u>
	US\$'000	US\$'000
Sale of goods	70,238	215,898
Commission income	<u>502</u>	<u>1,250</u>
	<u>70,740</u>	<u>217,148</u>

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

17	OTHER OPERATING INCOME (EXPENSE) - NET		
		<u>2016</u>	<u>2015</u>
		US\$'000	US\$'000
	Interest income- deposits with banks	*	*
	Foreign exchange gain (loss) - net	103	(715)
	Brand equity and business promotion expenses (Note 6)	(20)	(3)
	Others	<u>146</u>	<u>78</u>
		<u>229</u>	<u>(640)</u>

* Less than US\$1,000

18	INCOME TAX EXPENSE		
		<u>2016</u>	<u>2015</u>
		US\$'000	US\$'000
	Current tax:		
	- Current tax expense	(42)	(4)
	- Over (Under) provision in prior years	41	(273)
	Deferred tax (Note 14)	*	*
	Income tax expense	<u>(1)</u>	<u>(277)</u>

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

The total income tax expense for the year can be reconciled to the accounting (profit) loss as follows:

		<u>2016</u>	<u>2015</u>
		US\$'000	US\$'000
	(Profit) Loss before income tax	<u>(437)</u>	<u>85</u>
	Tax calculated at a tax rate of 17 % (2015 : 17%)	(74)	14
	Non taxable (allowable) items	(1)	(3)
	Tax rebate	33	-
	Over (Under) provision in prior years	41	(273)
	Tax benefits not recognised	-	(16)
	Others	<u>-</u>	<u>1</u>
		<u>(1)</u>	<u>(277)</u>

* Less than US\$1,000

NATSTEEL TRADE INTERNATIONAL PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

19 PROFIT (LOSS) FOR THE YEAR

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

	<u>2016</u> US\$'000	<u>2015</u> US\$'000
Directors' remuneration	85	127
Staff costs (including directors' remuneration)	178	479
Cost of defined contribution plans included in staff costs	12	45
Depreciation of plant and equipment	1	*
Foreign exchange (gain) loss - net	(103)	715
Cost of inventories recognised as an expense	<u>70,096</u>	<u>215,676</u>

* Less than US\$1,000