The attached draft financial statements, which have been prepared by management of the Company, are subject to changes that may arise from the resolution of outstanding audit matters which are set out in the attached appendices and comments and adjustments from our engagement quality assurance review. The draft audit report included in the attached financial statements should not be provided to any other party or used for any purpose without our prior written permission.

# ABJA INVESTMENT CO. PTE. LTD.
**(Registration No. 201309883M)**

## FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

See accompanying notes to financial statements.

**ABJA INVESTMENT CO. PTE. LTD.**

**STATEMENT OF FINANCIAL POSITION**
**March 31, 2017**

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 16,233 | 11,770 |
| Other receivables | 8 | 23,001 | 21,699 |
| Derivative financial instruments | 10 | 309 | 150 |
| Total current assets | | 39,543 | 33,619 |
| **Non-current asset** | | | |
| Loan receivables due from related companies | 9 | 1,679,085 | 1,690,932 |
| Derivative financial instruments | 10 | 12,808 | 4,793 |
| Total non-current asset | | 1,691,893 | 1,695,725 |
| **Total assets** | | 1,731,436 | 1,729,344 |
| **LIABILITIES AND NET CAPITAL DEFICIENCY** | | | |
| **Current liabilities** | | | |
| Other payables | 11 | 27,939 | 32,254 |
| Loan payable | 12 | | 37,800 |
| Tax payable | | 1,704 | 450 |
| Total current liabilities | | 29,643 | 70,504 |
| **Non-current liabilities** | | | |
| Guaranteed notes | 13 | 1,703,077 | 1,708,921 |
| Loans from group companies | | 37,800 | - |
| Deferred tax liability | 14 | 1776 | 1,796 |
| Derivative financial instruments | 10 | 68 | 688 |
| Total non-current liabilities | | 1,742,721 | 1,711,405 |
| **Capital, accumulated losses and reserve** | | | |
| Share capital | 15 | 200 | 200 |
| Accumulated losses | | (41,118) | (52,755) |
| Translation reserve | | (10) | (10) |
| Net capital deficiency | | (40,928) | (52,565) |
| **Total liabilities and net of capital deficiency** | | 1,731,436 | 1,729,344 |

See accompanying notes to financial statements.

**ABJA INVESTMENT CO. PTE. LTD.**

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

| | Note | 2017<br>US$'000 | 2016<br>US$'000 |
|---|---|---|---|
| Interest income | 16 | 112,398 | 114,957 |
| Finance costs | 17 | (97,723) | (97,508) |
| Foreign currency exchange gain, net | | (2,988) | 6,532 |
| Fair value losses on derivative financial instruments, net | 18 | 8,794 | (3,104) |
| Other operating expenses | | (7,116) | (8,482) |
| **Profit before tax** | | 13,365 | 12,395 |
| Income tax expense | 19 | (1,721) | (2,125) |
| **Profit for the year, representing to comprehensive income for the year** | 20 | 11,644 | 10,270 |

See accompanying notes to financial statements.

**ABJA INVESTMENT CO. PTE. LTD.**

**STATEMENT OF CHANGES IN EQUITY**
**Year ended March 31, 2017**

| | Share capital | Accumulated losses | Translation reserve | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance at April 1, 2015 | 200 | (63,025) | (10) | (62,835) |
| Profit for the year, representing total comprehensive income for the year | - | 10,270 | - | 10,270 |
| Balance at March 31, 2016 | 200 | (52,755) | (10) | (52,565) |
| Profit for the year, representing total comprehensive income for the year | - | 11,644 | | 11,640 |
| Balance at March 31, 2017 | 200 | (41,111) | (10) | (40,921) |

See accompanying notes to financial statements.

**ABJA INVESTMENT CO. PTE. LTD.**

**STATEMENT OF CASH FLOWS**
**Year ended March 31, 2017**

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | US$'000 | US$'000 |
| **Operating activities** | | | |
| Profit before tax | | 13,365 | 12,395 |
| Adjustments for: | | | |
| Finance costs | | 95,515 | 97,508 |
| Interest income | | (112,398) | (114,957) |
| Fair value losses on derivative financial instruments, net | | 9,304 | 3,104 |
| Unrealised foreign currency exchange gain, net | | (5,698) | (6,364) |
| Operating cash flows before movements in working capital | | 88 | (8,314) |
| Other payables | | (12,213) | 8,427 |
| Cash generated from operations | | (12,125) | 113 |
| Interest received | | 111,766 | 105,243 |
| Finance costs paid | | (94,666) | (99,337) |
| Income tax paid | | (513) | (267) |
| Guaranteed notes issue costs paid | | - | (1,618) |
| Net cash from operating activities, representing net increase in cash and cash equivalents | | 4,462 | 4,134 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | 1 | 276 |
| Cash and cash equivalents at the beginning of the year | | 11,770 | 7,360 |
| **Cash and cash equivalents at the end of the year** | 7 | 16,233 | 11,770 |

See accompanying notes to financial statements.

## 1 GENERAL

The Company (Registration No. 201309883M) 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 ("US$").

The principal activity of the Company consists of provision of treasury services.

The Company had in prior years, issued guaranteed notes (Note 13) with principal amount of US$1,500,000,000 and S$300,000,000 which are listed on the Freiverkehr (Open Market) of the Frankfurter Wertpapierborse ("Frankfurt Stock Exchange") and the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") respectively. Further information is disclosed in Note 13.

As at March 31, 2017, the Company has a capital deficiency of US$40,928,000 (2016 : US$52,565,000), current assets in excess of current liabilities of US$ 9900,000 (2016 : current liabilities in excess of current assets of US$36,885,000) and current year total comprehensive income of US$11,644,000 (2016 : total comprehensive income of US$10,270,000).

In February 2015, the loans of US$1,488,000,000 were re-assigned to a related company which bear higher interest rates and are repayable in the period from 2020 to 2024. The interest rates on these loan receivables were further revised upwards subsequent to the financial year end as part of management's review. Management had assessed that the cash flows from interest income expected to be received from loans to related companies will be sufficient to cover the interest expenses that the Company expects to incur as the interest rate charges are higher than the interest rate payable on the debt. However, while these future cash inflows estimated will cover the future interest outflows and related expenses, management had assessed that these may not sufficiently cover the Company's existing net capital deficiency in the future.

During the year ended March 31, 2017, the Company earned interest income of US$112,398,000 (2016 : US$114,957,000) and incurred finance costs of US$ 95,515,000 (2016 : US$97,508,000) and generated net profit of US$11,644,000 (2016 : net profit of US$10,270,000) for the year. In 2016, the interest rates for the long-term loans of US$988,000,000 and US$300,000,000 are revised from 6.45% to 6.92% and 5.35% to 5.92% per annum respectively with effect from April 1, 2016 until the end of the tenure of the loans (Note 9). Any future revision to interest rates due to market changes will be at mutual agreement of third parties.

Management had considered the above and assessed that (i) the total guaranteed notes of US$1,703,077,000 (2016 : US$1,708,921,000) (Note 13) issued by the Company, including any current and future related interest payables, are guaranteed by the ultimate holding company (Note 5);
(ii) prior to the year end, the maturity date of the long-term loan of US$37,800,000 loan (Note 12) was extended to January 26, 2019; and (iii) the Company has obtained a letter of undertaking from a related company that it has the intention to convert the total loan and interest payable of US$ 39,707,000 (2016 : US$38,697,000) into additional capital contribution in the future to ensure the eventual extinguishment of liabilities. On the above, management has assessed that there are no material uncertainties on the Company's ability to continue as going concern and these will sufficiently cover the Company's existing net capital deficiency in the future. In addition, management has also assessed that if required, fundings from the ultimate holding company will be available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/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 that are relevant to the company were issued but not effective:

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

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

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

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

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

**FRS 109 *Financial Instruments***

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

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

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.

<u>Effective interest method</u>

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 rate basis for debt instruments.

**Financial assets**

<u>Cash and cash equivalents in the statement of cash flows</u>

Cash and cash equivalents comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

<u>Loans and receivables</u>

Loans and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method except for short-term receivables when the effect of discounting is immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited 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 the profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Financial liabilities

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 payables when the effect of discounting is immaterial.

Interest-bearing guaranteed notes and loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company’s accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

Derivative financial instruments

The Company enters into certain derivative financial instruments to manage its exposure to foreign exchange rate risk and interest rate, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 10.

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

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

Interest income

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of the Company is measured and presented in United States dollar (US$), which is the currency of the primary economic environment in which the entity 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 the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

<u>Functional currency</u>

FRS 21 *The Effects of Changes in Foreign Exchange Rates* requires the Company determine its functional currency to prepare the financial statements. When determining its functional currency, the Company considers the primary economic environment in which it operates i.e. the one in which it primarily generates and expends cash. The Company also considers the funds generated from financing activities.

During the year ended March 31, 2016, management had reassessed and determined that the functional currency of the Company continues to be United States dollars on the basis that its majority funding and its significant transactions are denominated in United States dollars.

***(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.

Loan receivables and interest receivables from related companies

The Company has interest receivables and loan receivables due from related companies of US$22,516,000 (2016 : US$21,240,000) (Note 8) and US$ 1,679,084,000 (2016 : US$1,690,932,000) (Note 9) respectively.

The policy for allowances for bad and doubtful receivables of the Company is based on the evaluation of collectability and management's judgement. Judgement is required in assessing the ultimate realisation of these receivables from these related companies. If the financial conditions of related companies were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Based on management's evaluation, no impairment is assessed to be necessary for loan receivables and interest receivables from these related companies. The carrying amount of interest receivables and loan receivables are disclosed in Notes 8 and 9 respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

*(a) Categories of financial instruments*

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

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| **Financial assets** | | |
| Loans and receivables (including cash and cash equivalents) | 1,718,319 | 1,724,401 |
| Derivative financial instruments | 13,117 | 4,943 |
| | 1,731,436 | 1,729,344 |
| **Financial liabilities** | | |
| Amortised cost | 1,768,816 | 1,778,975 |
| Derivative financial instruments | 68 | 688 |
| | 1,768,884 | 1,779,663 |

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

**2017**

| Financial Asset | | | |
|---|---|---|---|
| | (a) | (b) | (c) = (a) - (b) |
| Type of financial asset | Gross amounts of recognised financial asset | Gross amounts of recognised financial liability set off in the statement of financial position | Net amounts of financial asset presented in the statement of financial position |
| | US$'000 | US$'000 | US$'000 |
| Other receivables (Note 8) | - | - | - |

**2016**

| Financial Asset | | | |
|---|---|---|---|
| | (a) | (b) | (c) = (a) - (b) |
| Type of financial asset | Gross amounts of recognised financial asset | Gross amounts of recognised financial liability set off in the statement of financial position | Net amounts of financial asset presented in the statement of financial position |
| | US$'000 | US$'000 | US$'000 |
| Other receivables (Note 8) | 23,679 | (1,980) | 21,699 |

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

*(c) Financial risk management policies and objectives*

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

The Company is exposed to financial risks such as foreign exchange, interest rate, credit and liquidity risks. Management regularly reviews its policy governing risk management practices. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures these risks during the year.

(i) Foreign exchange risk management

Certain of the Company's financial assets and financial liabilities are denominated in currencies other than its functional currency and hence the Company is therefore exposed to foreign exchange risk. The Company uses forward foreign exchanges contracts to manage its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are disclosed in Note 10.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency which have the exposure to foreign currency risk are as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Euro | - | - | 1088 | 1,319 |
| Indian rupee | - | - | - | - |
| Singapore dollar | 220,324 | 222,819 | 21,715 | 22,407 |

If the United States dollars strengthen/weaken by 10% against the relevant foreign currency, profit before tax will (decrease)/increase (2016 : profit before tax will (decrease)/increase) by:

| | Profit or loss | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Euro | (109) | (132) |
| Indian rupee | - | - |
| Singapore dollar | 19,861 | 20,041 |

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Company as a result of fluctuation in interest rates. The Company is exposed to interest rate risk associated with certain of its loan receivables and loan payables which have floating rates. The interest rate and terms of repayment are as disclosed in Note 9.

The Company uses interest swaps to manage its interest rate risk. Further details of the interest rate swaps are disclosed in Note 10.

*Interest rate sensitivity*

The sensitivity analyses below have been determined based on year-end balance which is subject to floating interest rates at the end of the reporting period.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's Profit for the year ended March 31, 2017 would Increase/ decrease by US$378,000 (2016 : profit for the year would increase/ decrease by US$1,374,000).

(iii) Credit risk management

The Company's credit risk is primarily attributable to its cash and cash equivalents, loan receivables and interest receivables due from related companies.

Cash balances are held with creditworthy financial institutions. At March 31, 2017, the Company has a concentration of credit risk from loan receivables and interest receivables due from 3 (2016 : 3) related companies which account for 99.9% (2016 : 99.9%), amounting to approximately US$1,701,600,000 (2016 : US$1,712,172,000) of total receivables. Management has evaluated the credit quality of these receivables and who the counterparties are and has assessed that the credit risk for these amounts to be manageable.

(iv) Liquidity risk management

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as they fall due. The Company's strategy to manage liquidity risk is to ensure that the Company has sufficient funds to meet its potential liabilities as they fall due. As at March 31, 2017, the Company has a capital deficiency of US$40,928,000 (2016 : US$52,565,000) and current assets in excess of current liability of US$9,900,000 (2016 : current liabilities in excess of current assets of US$36,885,000), and management has assessed as disclosed in Note 1 that the Company will have sufficient funds to operate as a going concern. In addition, management is of the opinion that with the continued financial support from its related company and ultimate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

*Financial liabilities*

The Company's operations are largely financed by short-term loan from a related company (Note 12) and guaranteed notes (Note 13). The Company's financial liabilities are due on demand within 1 year, except for derivative financial instruments (Note 10) and interest bearing guaranteed notes (Note 13) which are repayable between January 2020 to July 2024.

<u>Non-derivative financial liabilities</u>

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.
The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

| | Average effective interest rate | On demand or within 1 year | Within 2 to 5 years | After 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| 2017 | | | | | | |
| Non-interest bearing | - | 29,786 | 25,670 | 15,123 | - | 70,579 |
| Variable interest rate instrument | 2.40 | - | 37,800 | - | - | 37,800 |
| Fixed interest rate instrument | 4.85 - 5.95 | 76,083 | 829,024 | 1,379,463 | - | 2,284,570 |
| 2016 | | | | | | |
| Non-interest bearing | - | 32,254 | - | - | - | 32,254 |
| Variable interest rate instrument | 2.40 | 908 | 38,556 | - | (1,664) | 37,800 |
| Fixed interest rate instrument | 4.85 - 5.95 | 76,020 | 874,000 | 1,373,341 | (614,440) | 1,708,921 |
| | | 109,182 | 912,556 | 1,373,341 | (616,104) | 1,778,975 |

*Financial assets*

The Company's financial assets comprise cash and cash equivalents, other receivables and loan receivables due from related companies as disclosed in Notes 7, 8 and 9 respectively.

Non-derivative financial assets

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

| | Average effective interest rate | On demand or within 1 year | Within 2 to 5 years | After 5 years | Adjustment | Total |
|---|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| 2017 | | | | | | |
| Non-interest bearing | | | | | | |
| Variable interest rate instrument | | | | | | |
| Fixed interest rate instrument | 6.7% | 111,686 | 902,603 | 1,338,848 | | 2,353,137 |
| | | 111,686 | 902,603 | 1,338,848 | | 2,353,137 |
| 2016 | | | | | | |
| Non-interest bearing | - | 33,469 | - | - | - | 33,469 |
| Variable interest rate instrument | 7.60 | 8,502 | 51,934 | 197,907 | (83,117) | 175,226 |
| Fixed interest rate instrument | 5.10 - 6.92 | 82,213 | 880,724 | 1,215,899 | (663,130) | 1,515,706 |
| | | 124,184 | 932,658 | 1,413,806 | (746,247) | 1,724,401 |

Derivative financial instruments

As at the end of the reporting period, the Company's derivative financial instruments comprise of foreign exchange forward contracts with contracted net cash inflow amounting to US$ 9,760,000 (2016 : net cash inflow amounted to US$1,583,000) (Note 10) and interest rate swaps with contracted net cash inflow amounting to US$3,289,000 (2016 : net cash inflow amounted to US$2,672,000) (Note 10). Further information of these derivative financial instruments is disclosed in Note 10.

(v) Fair value of the financial assets and financial liabilities

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. Management classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy levels are as described in Note 2.

The Company's derivative financial instruments consisting of forward foreign exchange contracts and interest rate swaps, are measured at fair value at the end of each reporting period, and are determined based on observable quoted market rates for equivalent instruments with the same quantum and maturity dates at the end of each reporting period. The fair value measurement of these derivative financial instruments as determined by management, are classified as Level 2 in the fair value hierarchy. The carrying amounts and further information of these derivative financial instruments are disclosed in Note 10.

There were no significant transfers between respective levels of the fair value hierarchy in the period.

Management considers that the carrying amounts of the financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values due to the relative short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

*(d) Capital risk management policies and objectives*

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital, accumulated losses and guaranteed notes. The Company's overall strategy remained unchanged from the previous financial year.

## 5 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 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.

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

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Guarantee commission expense on guaranteed notes charged by ultimate holding company | (7,069) | (8,426) |
| Interest income from loan receivables due from related companies | 111,244 | 113,835 |
| Interest expenses on loan payable due to a related company | (1,011) | (776) |

## 6 RELATED PARTY TRANSACTIONS

***Compensation of directors and key management personnel***

There are no key managerial personnel other than the directors of the Company. No remuneration is paid by the Company to the directors. The directors are paid remuneration by related corporations in their capacity as directors and/or executives of those related corporations.

## 7 CASH AND CASH EQUIVALENTS

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Cash at bank | 16,233 | 11,770 |

## 8 OTHER RECEIVABLES

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Accrued interest income on loan receivables due from related companies (Note 5) | 22,516 | 21,240 |
| Interest receivables on derivative financial instruments | 485 | 459 |
| | 23,001 | 21,699 |

9 LOAN RECEIVABLES

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Notes due from a related company [1] | 165,982 | 175,226 |
| Loan receivables due from related companies [2] | 1,513,103 | 1,515,706 |
| | 1,679,085 | 1,690,932 |

[1] (a) Notes of Euro75,000,000 issued on December 20, 2013 to a related company, Tata Steel Netherlands Holdings B.V ("TSNH"), which is unsecured and repayable by May 2, 2023. The note bear interest rates of 6.601% per annum for the first interest period ending May 1, 2014, interest rate of Euribor + 6.250% per annum for the subsequent interest periods ending November 1, 2016, and interest rate of 8.250% per annum for further subsequent interest periods to maturity on May 2, 2023. As at March 31, 2017, this note is measured at an amortised cost of Euro 77,578,000 (equivalent to US$82,991,000) [2016 : Euro77,003,000 (equivalent to US$87,694,000)] based on the effective interest method with an effective interest rate of 7.812% (2016 : 7.577%) per annum.

(b) Notes of Euro75,000,000 issued on March 20, 2014 to TSNH, which is unsecured and repayable by May 2, 2023. The note bear interest rates of 6.634% per annum for the first interest period ending May 1, 2014, interest rate of Euribor + 6.250% per annum for the subsequent interest periods ending November 1, 2016, and interest rate of 8.250% per annum for further subsequent interest periods to maturity on May 2, 2023. As at March 31, 2017, this note is measured at an amortised cost of Euro 77,578,000 (equivalent to US$ 82,991,000) [2016 : Euro 76,861,000 (equivalent to US$87,532,000)] based on the effective interest method with an effective interest rate of 7.812% (2016 : 7.615%) per annum.

[2] (a) As at March 31, 2017, long-term loans of US$1,488,000,000 (2016 : US$1,488,000,000) to a related company, T S Global Procurement Company Pte. Ltd. consist of:

- a long-term loan of US$988,000,000 which bear interest rate at 6.920% (2016 : 6.450%) per annum and is repayable on July 30, 2024. This loan is measured at an amortised cost of US$ 999,585,000(2016 : US$993,274,000) based on the effective interest method with an effective interest rate of 6.934% (2016 : 6.875%) per annum.

- a long-term loan of US$500,000,000 which bears interest rate at 5.920% (2016 : 5.350%) per annum and is repayable on January 30, 2020. This loan is measured at an amortised cost of US$505,016,000 (2016 : US$502,783,000) based on the effective interest method with an effective interest rate of 5.843% (2016 : 5.794%) per annum.

During the year ended 2017, the interest rates for the long-term loans of US$988,000,000 and US$500,000,000 are revised from 6.450% to 6.920% and 5.350% to 5.920% per annum respectively with effect from April 1, 2016 until the end of the tenure of the loans. Any future revision to interest rates due to market changes will be at mutual agreement of both parties.

(b) As at March 31, 2017, a long-term loan of S$26,457,000 (equivalent to US$18,940,000) [2016 : S$26,457,000 (equivalent to US$19,649,000)] to a related company, T S Global Holdings Pte. Ltd. ("TSGH"), is unsecured, bears interest rate of 5.100% (2016 : 5.100%) per annum and repayable by December 20, 2021.

During the year ended March 31, 2016, the Company had signed an initial subordinated creditor's certificate to an agent for syndicated facilities granted to TSGH, for any amount receivable from TSGH is subordinated to the prior right of the financial institutions to prior repayment to the Company.

Management is of the opinion that fair value of these loan receivables approximates the carrying value as these are either charged at floating rates or at approximate rates which the management expects would be available to the related companies based on transfer pricing studies by qualified tax specialist.

10 DERIVATIVE FINANCIAL INSTRUMENTS

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Current assets: | | |
| Forward foreign exchange contracts - unrealised fair value gains | 309 | 150 |
| Non-current assets: | | |
| Forward foreign exchange contracts - unrealised fair value gains | 948 | 2,121 |
| Interest rate swaps - unrealised fair value gains | 3,289 | 2,672 |
| | 4,237 | 4,793 |
| Non-current liabilities: | | |
| Forward foreign exchange contracts - unrealised fair value losses | 68 | 688 |

Forward foreign exchange contracts

The Company uses currency derivatives in the management of its foreign exchange exposures.

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

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Forward foreign exchange contracts | 183,033 | 199,117 |

***Changes in the fair value of derivative financial instruments***

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Opening fair value of derivative financial instruments | 1,583 | 3,422 |
| Net fair value losses of derivative financial instruments recognised in profit or loss (Note 18) during the year | 8,177 | (1,839) |
| Closing fair value of derivative financial instruments representing unrealised net fair value gains | 9760 | 1,583 |

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

| Outstanding contracts | Average exchange rate | Foreign currency | Contract value | Fair value gains (losses) |
|---|---|---|---|---|
| | | FC$'000 | US$'000 | US$'000 |
| Sell Euro with maturity date less than 1 year | 1.607 | 4200 | 4,493 | 309 |
| Sell Euro with maturity date before 2023 | 1.677 | 13,550 | 14,495 | 948 |
| Sell Euro with maturity date on May 2, 2023 | 1.762 | 75,000 | 80,233 | 5,708 |
| Sell Euro with maturity date on May 2, 2023 | 1.729 | 75,000 | 80,233 | 2,863 |
| Buy SGD with maturity date on May 2, 2023 | 1.339 | 5,000 | 3,579 | (68) |
| Total | | | 183,033 | 9,760 |

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

| Outstanding contracts | Average exchange rate | Foreign currency | Contract value | Fair value gains (losses) |
|---|---|---|---|---|
| | | FC$'000 | US$'000 | US$'000 |
| Sell Euro with maturity date less than 1 year | 1.596 | 3,800 | 4,328 | 150 |
| Sell Euro with maturity date before 2023 | 1.661 | 17,750 | 20,216 | 347 |
| Sell Euro with maturity date on May 2, 2023 | 1.762 | 75,000 | 85,418 | 1,775 |
| Sell Euro with maturity date on May 2, 2023 | 1.729 | 75,000 | 85,418 | (634) |
| Buy SGD with maturity date on May 2, 2023 | 0.660 | 5,000 | 3,737 | (55) |
| Total | | | 199,117 | 1,583 |

Interest rate swaps

The Company uses interest rate swaps to manage its exposure to interest rate movements. Contracts with nominal values of S$150,000,000 (2016 : S$150,000,000) have been entered where the Company will pay fixed interest payments at an average rate of 4.479% (2016 : 4.479%) on the Euro notional principal equivalent of S$150,000,000 (2015 : S$150,000,000) and receive fixed interest receipt at 4.950% (2016 : 4.950%) on the Singapore dollar notional principal of S$150,000,000
(2016 : S$150,000,000). These contracts are for the period until May 2, 2023 (2016 : May 2, 2023).

***Changes in the fair value of derivative financial instruments***

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Opening fair value of derivative financial instruments | 2,672 | 3,937 |
| Net fair value losses of derivative financial instruments recognised in profit or loss (Note 18) during the year | 617 | (1,265) |
| Closing fair value of derivative financial instruments representing unrealised net fair value gains | 3,289 | 2,672 |

The following table details information on the interest rate swap contracts outstanding as at March 31, 2017:

| Outstanding floating for fixed contracts | Notional principal amount | Fair value gains |
|---|---|---|
| | US$'000 | US$'000 |
| With maturity date on May 2, 2023 | 150,000 | 3,289 |

The following table details information on the interest rate swap contracts outstanding as at March 31, 2016:

| Outstanding floating for fixed contracts | Notional principal amount | Fair value Gains |
|---|---|---|
| | US$'000 | US$'000 |
| With maturity date on May 2, 2023 | 150,000 | 2,672 |

The interest rate swaps are settled net on a semi-annually basis.

## 11 OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Accrued interest expenses on loan payable due to a related company (Note 12) | 1,908 | 897 |
| Accrued interest expenses on guaranteed notes (Note 13) | 18,298 | 18,490 |
| Other payables | | |
| - third parties | 674 | 734 |
| - ultimate holding company | 7,059 | 12,133 |
| | 27,939 | 32,254 |

## 12 LOAN PAYABLE

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Current | | |
| Loan payable due to a related company | - | 37,800 |
| Non Current | | |
| Loan payable due to a related company | 37,800 | - |
| | 37,800 | 37,800 |

As at March 31, 2017, a long-term loan of US$37,800,000 (2016 : US$37,800,000) payable to a related company, T S Global Holdings Pte. Ltd., is unsecured, bears interest rate of 1.5% + 6 months USD LIBOR (2016 : 1.5% + 6 months USD LIBOR) per annum and is repayable by January 26, 2019 (2016 : January 27, 2017).

During the year ended March 31, 2017, the maturity date of the loan was extended from January 27, 2017 to January 26, 2019.

13 GUARANTEED NOTES

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Guaranteed notes at amortised cost | | |
| - 2023 Notes [(1)] | 213,215 | 221,012 |
| - 2020 Notes [(2)] | 497,365 | 496,435 |
| - 2024 Notes [(3)] | 992,497 | 991,474 |
| | 1,703,077 | 1,708,921 |

Guaranteed notes consist of:

(1) Guaranteed notes (the "2023 Notes") with principal amount of S$300,000,000 which bear interest rate at 4.95% per annum were issued on May 3, 2013 with maturity on May 3, 2023. These 2023 Notes are listed on the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST").

These 2023 Notes are unsecured senior obligations of the Company and are irrevocably guaranteed on an unsecured basis (the "Guarantee") by the Company's ultimate holding company, Tata Steel Limited (the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 125% of the outstanding principal amount of these 2023 Notes which shall be S$375,000,000 (the "Guaranteed Amount"). These 2023 Notes are unsecured obligations of the Company, will rank *pari passu* with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of the Guarantor's subsidiaries.

These 2023 Notes bear interest at a rate of 4.95% per annum. Interest is paid on the 2023 Notes semi-annually in arrears on May 3 and November 3 of each year, beginning on November 4, 2013. Unless previously repurchased, cancelled or redeemed, these 2023 Notes will mature on May 3, 2023. Issue related costs amounted to approximately S$3,194,000 (equivalent to US$2,536,000).

As at March 31, 2017, these 2023 Notes are measured at an amortised cost of S$297,832,000 (equivalent to US$213,215,093) [2016 : S$ S$297,737,000 (equivalent to US$221,012,000)].

(2) Guaranteed notes with principal amount of US$500,000,000 which bear interest rate at 4.85% per annum (the "2020 Notes") and US$1,000,000,000 which bear interest rate at 5.95% per annum (the "2024 Notes") were issued on July 31, 2014 with maturity on January 31, 2020 and July 31, 2024 respectively. These guaranteed notes are listed on the Freiverkehr (Open Market) of the Frankfurter Wertpapierborse ("Frankfurt Stock Exchange").

The guaranteed notes are unsecured senior obligations of the Company and are irrevocably guaranteed on an unsecured basis (the "Guarantee") by the Company's ultimate holding company, Tata Steel Limited (the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 125% of the outstanding principal amount of the guaranteed notes which shall be US$625,000,000 and US$1,250,000,000 respectively (the "Guaranteed Amount"). These guaranteed notes are unsecured obligations of the Company, will rank *pari passu* with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of the Guarantor's subsidiaries.

These 2020 Notes and 2024 Notes bear interest at a rate of 4.85% and 5.95% per annum respectively. Interest is paid on the 2020 Notes and 2024 Notes semi-annually in arrears on January 31 and July 31 of each year, beginning on January 31, 2015. Unless previously repurchased, cancelled or redeemed, these 2020 Notes and 2024 Notes will mature on January 31, 2020 and July 31, 2024 respectively. Issue related costs amounted to approximately US$15,370,000.

As at March 31, 2017, these 2020 Notes and 2024 Notes are measured at an amortised cost of US$497,364,729 (2016: US$496,435,000) and US$992,497,230(2016 : US$991,474,000) respectively.

As at March 31, 2017, the fair values of the 2023 Notes, 2020 Notes and 2024 Notes approximates S$294,375,000 (equivalent to US$210,740,119), US$ 513,625,000 and US$ 1,034,400,000 respectively.

As at March 31, 2016, the fair values of the 2023 Notes, 2020 Notes and 2024 Notes approximates S$285,720,000 (equivalent to US$212,198,000), US$498,500,000 and US$931,500,000 respectively.

The fair values are classified under Level 1 of the fair value hierarchy (Note 2).

14 DEFERRED TAX LIABILITY

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Deferred tax liability | 1,776 | 1,796 |

The deferred tax liability is recognised by the Company on account of interest income from foreign sources not remitted to Singapore. The movement during the reporting period is as follow:

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Balance at beginning of year | 1,796 | 93 |
| Charge to profit or loss (Note 19) | (42) | 1,703 |
| Balance at end of year | 1,776 | 1,796 |

15 SHARE CAPITAL

| | 2017 | 2016 | 2017 | 2016 |
|---|---|---|---|---|
| | Number of ordinary shares | | US$'000 | US$'000 |
| Issued and paid up: | | | | |
| At beginning and end of year | 20,000 | 20,000 | 200 | 200 |

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

## 16 INTEREST INCOME

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Interest income on loan receivables due from related companies (Note 5 and 9) | 111,244 | 113,835 |
| Interest income from bank | 24 | 6 |
| Interest income on derivative financial instruments [1] | 1,130 | 1,116 |
| | 112,398 | 114,957 |

[1] Amount is net of interest expenses of US$4,615,612(2016 : US$4,634,000) on interest rate swaps contracts.

## 17 FINANCE COSTS

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Interest expenses: | | |
| - loan payable due to a related company (Notes 5 and 12) | 1,011 | 776 |
| - guaranteed notes (Note 13) | 94,504 | 94,511 |
| Amortisation of borrowing costs | 2,208 | 2,221 |
| | 97,723 | 97,508 |

## 18 FAIR VALUE LOSSES ON DERIVATIVE FINANCIAL INSTRUMENTS, NET

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Fair value losses on derivative financial instruments | | |
| - forward foreign exchange contracts (Note 10) | 8177 | (1,839) |
| - interest rate swaps (Note 10) | 617 | (1,265) |
| | 8,794 | (3,104) |

## 19 INCOME TAX EXPENSE

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Current tax: | | |
| - current year | 1,704 | 513 |
| - overprovision in prior year | 59 | (91) |
| Deferred tax (Note 14) | (42) | 1,703 |
| Total income tax expenses | 1,721 | 2,125 |

Statutory income tax is calculated at 17% (2016 : 17%) of the estimated assessable income for the year.

Tax for the year can be reconciled to the accounting profit as follows:

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Profit before tax | 13,365 | 12,395 |
| Tax expense calculated at stautory tax rate of 17% | 2,272 | 2,107 |
| Tax effect of expense that is not deductible for tax purposes | | 71 |
| Tax exemptions and tax rebates | | (33) |
| Overprovision in prior years | | (91) |
| Others | (551) | 71 |
| Tax expense | 1,721 | 2,125 |

## 20 PROFIT FOR THE YEAR

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

| | 2017 | 2016 |
|---|---|---|
| | US$'000 | US$'000 |
| Fair value losses on derivative financial instruments, net | (8,980) | 3,104 |
| Foreign currency exchange loss, net | 3,174 | (6,532) |
| Guarantee commission expense on guaranteed notes charged by ultimate holding company (Note 5) | 7,069 | 8,426 |

The Company has no employees and associated staff costs for the financial year end March 31, 2017 and March 31, 2016. Administrative support is provided by the ultimate holding company.