PROCO ISSUER PTE. LTD.
(Registration No. 201019152H)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

PROCO ISSUER PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

PROCO ISSUER PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2017.

In the opinion of the directors, the accompanying financial statements of the company as set out on pages 6 to 29 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2017 and the financial performance, changes in equity and cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Sandip Biswas
Ranganath Raghupathy Rao
Rajiv Mukerji
Sanjib Nanda

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding the office at the end of the financial year are also directors of the immediate holding company, T S Global Procurement Company Pte. Ltd., incorporated in Singapore, which owns all the shares of the company. Their interests in shares are recorded in the Register of Directors' Shareholdings kept under Section 164 of the Singapore Companies Act by the immediate holding company and are therefore not disclosed in this Report.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

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

5 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....
Sanjib Nanda

....
Sandip Biswas

[Date]

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

PROCO ISSUER PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Proco Issuer Pte. Ltd. (the "company"), which comprise the statement of financial position of the company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 29.

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

Basis for Opinion

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

PROCO ISSUER PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

[Date]

PROCO ISSUER PTE. LTD.

STATEMENT OF FINANCIAL POSITION
March 31, 2017

(Expressed in thousands British Pounds)

	Note	2017 GBP'000	2016 GBP'000
ASSETS			
Current assets			
Cash and cash equivalents	6	278	259
Trade receivables	7	263,055	244,629
Other receivables	8	103,320	64,031
Loan receivables due from intermediate holding company	9	601,240	759,134
Total current assets		967,893	1,068,053
Non-current asset			
Deferred tax asset	10	436	434
Total assets		968,329	1,068,487
LIABILITY AND EQUITY			
Current liability			
Deferred factoring income	11	4,813	4,249
Accrued expenses	12	10,785	8,383
Debenture loans from immediate holding company	13	599,691	724,536
Loan payable due to intermediate holding company	14	755	379
Income tax payable		1,417	2,342
Derivative financial instruments	15	7	26
Total current liability		617,468	739,915
Capital and reserves			
Share capital	16	*	*
Retained earnings		350,861	328,572
Total equity		350,861	328,572
Total liabilities and equity		968,329	1,068,487

* Amount is less than GBP1,000

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

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

(Expressed in thousands British Pounds)

	Note	2017 GBP'000	2016 GBP'000
Revenue	17	58,363	78,207
Other operating income - net	18	1,702	2,166
Administrative expenses		(3,117)	(10,061)
Finance costs	19	(33,244)	(33,566)
Profit before income tax		23,704	36,746
Income tax expense	20	(1,415)	(1,953)
Profit for the year, representing total comprehensive income for the year	21	22,289	34,793

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
Year ended March 31, 2017

(Expressed in thousands British Pounds)

	Share capital	Retained earnings	Total
	GBP'000	GBP'000	GBP'000
Balance at April 1, 2015	*	293,779	293,779
Profit for the year, representing total comprehensive income for the year	-	34,793	34,793
Balance at March 31, 2016	-	328,572	328,572
Profit for the year, representing total comprehensive income for the year	-	22,289	22,289
Balance at March 31, 2017	*	350,861	350,861

* Amount is less than GBP1,000

See accompanying notes to financial statements.

PROCO ISSUER PTE. LTD.

STATEMENT OF CASH FLOWS
Year ended March 31, 2017

(Expressed in thousands British Pounds)

	2017	2016
	GBP'000	GBP'000
Operating activities		
Profit before income tax	23,704	36,746
Adjustments for:		
Interest income	(2,061)	(1,945)
Interest expenses	33,244	33,566
Fair value losses on derivative financial instruments	(19)	180
Allowance for doubtful trade receivables	434	6,000
Operating cash flows before movements in working capital	55,302	74,547
Trade receivables	(18,860)	157,686
Other receivables	(39,277)	102,448
Deferred service income	563	(2,010)
Accrued expenses	(97)	(304)
Cash generated from operations	(2,368)	332,367
Income tax paid	(2,344)	(3,690)
Net cash from operating activities	(4,712)	328,677
Investing activities		
Interest received	2,049	1,945
Loans to intermediate holding company	(7,533,511)	(5,467,339)
Repayments of loans to intermediate holding company	7,691,405	5,053,253
Net cash used in investing activities	159,943	(412,141)
Financing activities		
Debenture loans from immediate holding company	1,256,071	1,251,364
Repayments of debenture loans from immediate holding company	(1,380,916)	(1,134,804)
Loans from intermediate holding company	6,751	3,163
Repayments of loans from intermediate holding company	(6,374)	(2,896)
Interest paid	(30,744)	(33,396)
Net cash from financing activities	(155,212)	83,431
Net decrease in cash and cash equivalents	19	(33)
Cash and cash equivalents at the beginning of the year	259	292
Cash and cash equivalents at the end of the year	278	259

See accompanying notes to financial statements.

1 GENERAL

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

- Level 3 inputs are unobservable inputs for the asset or liability.

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.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

FRS 116 *Leases*

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

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

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

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

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis.

Cash and cash equivalents in the statement of cash flows

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

Loans and receivables

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derivative financial instruments

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

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

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

Derecognition of financial liabilities

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

PROVISIONS - Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

Receivables factoring income from the purchased accounts receivables

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

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

Interest income

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

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

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

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Current and deferred tax are recognised as an expense or income in profit or loss.

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

Transactions in currencies other than the company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

Revenue recognition

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

ii) Key sources of estimation uncertainty

Other than as discussed below, the management is of the opinion that there are no other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowances for bad and doubtful debts

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	2017	2016
	GBP'000	GBP'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	967,893	1,068,053
Financial liabilities		
Amortised cost	611,232	733,298
Derivative financial instruments	7	26

(b) Financial risk management policies and objectives

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

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

i) Foreign exchange risk management

The company transacts business in various foreign currencies, including the Euro, United States dollar and Singapore dollar, and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possibly by offsetting financial assets and liabilities that are denominated in the same currencies. The company also uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are found in Note 15 to the financial statements.

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

	Assets		Liabilities	
	2017	2016	2017	2016
	GBP'000	GBP'000	GBP'000	GBP'000
Euro	115,623	199,676	107,586	188,540
United States dollar	21,170	61,641	19,207	58,285
Singapore dollar	11	10	809	440

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

	Profit or loss	
	2017	2016
	GBP'000	GBP'000
Euro	(804)	(1,114)

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

ii) Interest rate risk management

The company's exposure to interest rate risk is primarily attributable to loans receivable from intermediate holding company, debenture loans from the immediate holding company and loans payable to intermediate holding company as disclosed in Notes 9, 13 and 14 to the financial statements. The company's exposure to interest rate risk is limited to the floating rate on the debenture loans and loans receivable from/payables to the intermediate company and management is of the opinion that the interest rate is manageable and accordingly the company does not hedge against interest rate risk.

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit before tax for the financial year ended March 31, 2017 would decrease by GBP454,000 (2016 : GBP1,608,000) respectively. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

iii) Credit risk management

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

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

The company has significant receivables from related companies and intermediate holding company (Notes 8 and 9). Management considers the credit risk relating to these intercompany receivables to be low.

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

iv) Liquidity risk management

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

All financial liabilities in 2017 and 2016 are repayable on demand or due within 1 year from the end of the reporting period.

v) Fair value of the financial asset and liability

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

Financial (liability) asset	Fair value as at (GBP'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2017	2016		
	Liability	Asset		
Derivative Financial Instruments (Note 15)				
Forward foreign exchange contract	7	(26)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

(c) Capital risk management policies and objectives

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only of issued capital, retained earnings and short-term debenture loans from immediate holding company. The company overall strategy remained unchanged from 2016.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of T S Global Procurement Company Pte. Ltd., incorporated in Singapore. The company's intermediate holding companies are T Steel Holdings Pte. Ltd. and T S Global Holdings Pte. Ltd., both incorporated in Singapore. The company's ultimate holding company is Tata Steel Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group. The intercompany balance is unsecured, interest-free and repayable on demand except as disclosed in Notes 9, 13 and 14 to the financial statements.

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

	2017	2016
	GBP'000	GBP'000
With intermediate holding company		
Interest income from intermediate holding company	(2,060)	(1,936)
Interest paid/payable to intermediate holding company	12	5
With immediate holding company		
Interest paid/payable to immediate holding company	33,232	33,560
With related companies		
Purchase of receivables from related companies	1,982,918	2,554,110
Factoring income from related companies	(58,363)	(78,207)
Service fee expense to related companies	2,358	3,792

Compensation of directors and key management personnel

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

6 CASH AND CASH EQUIVALENTS

	2017	2016
	GBP'000	GBP'000
Cash at bank	278	259

7 TRADE RECEIVABLES

	2017	2016
	GBP'000	GBP'000
Outside parties	271,773	253,232
Less: Allowance for doubtful trade receivables	(8,718)	(8,603)
	263,055	244,629

The average credit period on the purchased receivables ranges from 20 to 85 days (2016 : 19 to 84). No interest is charged on the overdue balances.

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

Included in the company's trade receivable balance are debtors with a carrying amount of approximately GBP28,025,000 (2016 : GBP39,983,000) which are past due at the end of the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The due dates of the receivables are based on the credit terms extended to the third party customers by the related companies for which the receivables were purchased from. The company does not hold any collateral over these balances.

As at the end of the reporting period, an allowance has been made for estimated irrecoverable receivable from outside parties amounting to approximately GBP8,718,000 (2016 : GBP8,603,000). This allowance has been determined after taking into consideration the age of the debts and recovery prospects. Management has also assessed that balances that are not past due at the end of the reporting period to be collectible.

Ageing of receivables that are past due but not impaired

	2017	2016
	GBP'000	GBP'000
< 1 month	11,751	16,449
1 month to 3 months	6,621	5,737
3 months to 6 months	4,682	1,854
> 6 months	4,971	15,943
	28,025	39,983

Movement in the allowance for doubtful debts

	2017 GBP'000	2016 GBP'000
Balance at beginning of year	8,603	2,917
Amounts written off during the year	(319)	(314)
Allowance recognised in profit or loss	434	6,000
Balance at end of year	8,718	8,603

8 OTHER RECEIVABLES

	2017 GBP'000	2016 GBP'000
Related companies (Note 5)	103,154	63,878
Accrued interest income on loans to immediate holding company (Note 5)	166	153
	103,320	64,031

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

9 LOAN RECEIVABLES DUE FROM INTERMEDIATE HOLDING COMPANY

	2017 GBP'000	2016 GBP'000
Intermediate holding company (Note 5)	601,240	759,134

As at March 31, 2017, loan receivables due from intermediate holding company, T S Global Holdings Pte. Ltd. ("TSGH") are under a cash-pooling arrangement, unsecured, bear interest rates ranging from 0.26% to 0.32% (2016 : 0.26% to 0.40%) per annum, and are repayable upon demand.

In the prior year, the company had signed an initial subordinated creditor's certificate to an agent for syndicated facilities granted to TSGH, whereby any amount receivable from TSGH is subordinated to the prior right of the financial institutions to prior repayment of the company.

10 DEFERRED TAX ASSET

	2017	2016
	GBP'000	GBP'000
Deferred tax asset	436	434

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

	2017	2016
	GBP'000	GBP'000
Balance at beginning of year	434	141
Credit to profit and loss for the year (Note 20)	2	293
Balance at end of year	436	434

11 DEFERRED FACTORING INCOME

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

12 ACCRUED EXPENSES

	2017	2016
	GBP'000	GBP'000
Accrued interest on debenture loans from immediate holding company (Note 5)	10,075	7,577
Accrued interest due to intermediate holding company (Note 5)	1	*
Accrued expenses due to related companies (Note 5)	665	766
Other accrued expenses	44	40
	10,785	8,383

* Amount is less than GBP1,000

13 DEBENTURE LOANS FROM IMMEDIATE HOLDING COMPANY

	2017	2016
	GBP'000	GBP'000
Debenture loans from immediate holding company	599,691	724,536

As at March 31, 2017, debenture loans from immediate holding company are unsecured, bear interest ranging from 4.45% to 5.45% (2016 : 4.45% to 5.45%) plus one month LIBOR per annum and are repayable within 12 months (2016 : 12 months) from the date of inception of the loans. The company has the option to repay the loans earlier without any penalty.

14 LOANS PAYABLE DUE TO INTERMEDIATE HOLDING COMPANY

	2017	2016
	GBP'000	GBP'000
Loans payable due to intermediate holding company (Note 5)	755	379

As at March 31, 2017, loans due to intermediate holding company are under cash-pooling arrangement, unsecured, bear interest ranging from 0.93% to 1.99% (2016 : 2.14%) per annum and are repayable upon demand.

15 DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2016
	GBP'000	GBP'000
Forward foreign exchange contracts		
- unrealised fair value losses	(7)	(26)

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

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

	2017	2016
	GBP'000	GBP'000
Forward foreign exchange contracts	13,579	18,045

Changes in the fair value of derivative financial instruments

	2017	2016
	GBP'000	GBP'000
Opening fair value of derivative financial instruments	(26)	154
Fair value losses of derivative financial instruments recognised in profit or loss	19	(180)
Closing fair value of derivative financial instruments	(7)	(26)

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

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gain (loss)
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.86	9,906	8,500	11
Sell Euro less than 6 months	0.86	854	733	8
Buy Euro less than 3 months	0.86	1,917	1,645	(20)
Sell USD less than 3 months	0.80	2,498	2,005	(8)
Sell USD less than 6 months	0.80	312	251	3
Buy USD less than 3 months	0.80	555	445	(1)

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

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gain (loss)
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.79	14,107	11,134	(85)
Sell Euro less than 6 months	0.79	1,463	1,154	(10)
Buy Euro less than 3 months	0.79	1,913	1,510	(3)
Sell USD less than 3 months	0.70	5,164	3,590	71
Sell USD less than 6 months	0.70	259	180	2
Buy USD less than 3 months	0.70	685	477	(1)
			18,045	(26)

16 SHARE CAPITAL

	2017	2016	2017	2016
	Number of ordinary shares		GBP'000	GBP'000
Issued and fully paid	2	2	*	*

* Amount is less than GBP1,000.

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

17 REVENUE

	2017	2016
	GBP'000	GBP'000
Factoring income from related companies	58,363	78,207

18 OTHER OPERATING INCOME - NET

	2017	2016
	GBP'000	GBP'000
Gain on foreign exchange, net	(378)	401
Fair value losses on derivative financial instruments (Note 15)	19	(180)
Interest income from:		
Intermediate holding company (Note 5)	2,060	1,936
Outside parties	1	9
	1,702	2,166

19 FINANCE COSTS

	2017	2016
	GBP'000	GBP'000
Interest charges on debenture loans from immediate holding company (Note 5)	33,232	33,560
Interest charges from:		
Intermediate holding company (Note 5)	12	5
Outside parties	-	1
	33,244	33,566

20 INCOME TAX EXPENSE

	2017	2016
	GBP'000	GBP'000
Current income tax:		
- Current year	1,418	2,342
- Overprovision in prior year	-	(96)
Deferred tax credit (Note 10):		
- Current year	(2)	(293)
	1,416	1,953

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

	2017	2016
	GBP'000	GBP'000
Profit before income tax	23,704	36,746
Tax calculated at statutory rate	4,030	6,247
Tax concession	(2,647)	(4,160)
Effect of non-taxable items	(58)	(23)
Tax-exempt income and rebate	(20)	(22)
Overprovision in prior year	-	(96)
Others	110	7
Tax expense for the financial year	1,415	1,953

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

21 PROFIT FOR THE YEAR

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

	2017	2016
	GBP'000	GBP'000
Allowance for doubtful trade receivables	434	6,000
Fair value losses on derivative financial instruments (Note 15)	(19)	180
Gain on foreign exchange, net	378	(401)
Staff costs	236	190