

**TATA STEEL INTERNATIONAL
(SINGAPORE) PTE LTD
(Registration No. 199201688D)**

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED
MARCH 31, 2015**

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the financial year ended March 31, 2015.

1 DIRECTORS

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

Anil Jhanji
Sanjib Nanda (Appointed on May 28, 2015)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations, except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ultimate holding company - Tata Steel Limited				
Ordinary shares of Rupees 10 each				
Aniruddha Banerjee ⁽¹⁾	202	202	-	-
Vivek Madan Kamra ⁽²⁾	104	104	240	240

(1) The director has resigned on April 1, 2015.

(2) The director has resigned in May 31, 2015.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act ("Act"), by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. The directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the company was 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 option

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

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

REPORT OF THE DIRECTORS

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....
Anil Jhanji

.....
Sanjib Nanda

Date:

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF DIRECTORS

In the opinion of the directors, the financial statements as set out on pages 7 to 32 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2015, and of 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.

ON BEHALF OF THE DIRECTORS

.....
Anil Jhanji

.....
Sanjib Nanda

Date:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD**

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Steel International (Singapore) Pte Ltd (the "company"), which comprise the statement of financial position of the company as at March 31, 2015, and the statement of profit or loss account and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 32.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of financial position of the company as at March 31, 2015 and the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

Date:

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD**STATEMENT OF FINANCIAL POSITION****March 31, 2015**

	<u>Note</u>	<u>2015</u> US\$	<u>2014</u> US\$
<u>ASSETS</u>			
Current assets			
Cash and bank balances	6	180,484	211,033
Trade and other receivables	7	3,809,264	8,730,257
Deposits and prepayments	8	85,337	92,468
Inventories	9	770,821	2,992,878
Total current assets		<u>4,845,906</u>	<u>12,026,636</u>
Non-current assets			
Plant and equipment	10	13,292	20,207
Associate	11	1,303,458	1,303,458
Total non-current assets		<u>1,316,750</u>	<u>1,323,665</u>
Total assets		<u>6,162,656</u>	<u>13,350,301</u>
<u>LIABILITY AND EQUITY</u>			
Current liability			
Trade and other payables	12	<u>619,124</u>	<u>5,575,217</u>
Capital and reserves			
Share capital	13	1,230,992	1,230,992
Retained earnings		<u>4,312,540</u>	<u>6,544,092</u>
Total equity		<u>5,543,532</u>	<u>7,775,084</u>
Total liability and equity		<u>6,162,656</u>	<u>13,350,301</u>

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
Financial year ended March 31, 2015

	<u>Note</u>	<u>2015</u> <u>US\$</u>	<u>2014</u> <u>US\$</u>
Revenue	14	6,849,290	30,169,769
Cost of sales		<u>(7,355,193)</u>	<u>(29,285,871)</u>
Gross (loss) profit		(505,903)	819,715
Other operating income	15	1,075,014	437,584
Selling expenses		80,867	(75,587)
Administrative expenses		<u>(2,881,530)</u>	<u>(1,488,257)</u>
Loss before income tax		<u>(2,231,552)</u>	<u>(242,362)</u>
Income tax expense	16	—	—
Loss for the year, representing total comprehensive loss for the year	17	<u>(2,231,552)</u>	<u>(242,362)</u>

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY
Financial year ended March 31, 2015

	<u>Share capital</u> US\$	<u>Retained earnings</u> US\$	<u>Total</u> US\$
Balance at April 1, 2013	1,230,992	6,786,454	8,017,446
Loss for the year, representing total comprehensive loss for the year	<u>-</u>	<u>(242,362)</u>	<u>(242,362)</u>
Balance at March 31, 2014	1,230,992	6,544,092	7,775,084
Loss for the year, representing total comprehensive loss for the year	<u>-</u>	<u>(2,231,552)</u>	<u>(2,231,552)</u>
Balance at March 31, 2015	<u>1,230,992</u>	<u>4,312,540</u>	<u>5,543,532</u>

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS
Financial year ended March 31, 2015

	2015 US\$	2014 US\$
Operating activities		
Loss before income tax	(2,231,552)	(242,362)
Adjustments for:		
Dividend income from associate	(63,282)	(64,820)
Bad trade receivables written off	1,052,174	109,051
(Reversal of) Allowance for inventory obsolescence	(375,236)	88,025
Depreciation of plant and equipment	11,467	20,380
Operating cash flows before movements in working capital	<u>(1,606,429)</u>	<u>(89,726)</u>
Trade and other receivables	3,868,819	(789,150)
Deposits and prepayments	7,131	(7,273)
Inventories	2,597,293	2,689,529
Trade and other payables	<u>(4,956,093)</u>	<u>(2,026,291)</u>
Net cash used in operating activities	<u>(89,279)</u>	<u>(222,911)</u>
Investing activities		
Dividends received from associate	63,282	64,820
Purchase of plant and equipment	<u>(4,552)</u>	<u>(1,823)</u>
Net cash from investing activities	<u>58,730</u>	<u>62,997</u>
Financing activity		
Decrease in pledged deposit, representing net cash from financing activity	<u>-</u>	<u>60,862</u>
Net decrease in cash and cash equivalents	(30,549)	(99,052)
Cash and cash equivalents at the beginning of the year (Note 6)	<u>211,033</u>	<u>310,085</u>
Cash and cash equivalents at the end of the year (Note 6)	<u>180,484</u>	<u>211,033</u>

See accompanying notes to financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

1 GENERAL

The company (Registration No. 199201688D) is incorporated in the Republic of Singapore with its registered office and principal place of business at 22 Tanjong Kling Road, Singapore 628048. The financial statements are expressed in United States dollars.

The principal activities of the company are the sale of metal products in South East Asian countries and to co-ordinate sales orders from the South East Asian countries with Tata Steel International (Asia) Limited, a related company incorporated in Hong Kong.

The financial statements of the company for the financial year ended March 31, 2015 were authorised for issue by the Board of Directors on _____.

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 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.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2014, the company has 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 effects on the amounts reported for the current year or prior year.

At the date of authorisation of these financial statements, certain new/revised FRSs, amendments to FRSs and improvements to FRSs that are relevant to the company were issued but not effective:

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

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

FRS 109 *Financial Instruments*

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

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

Management is currently assessing the effects of FRS 109 in the period of initial adoption.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 Revenue from Contracts with Customers

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. FRS 115 introduces a 5-step approach to revenue recognition:

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

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

FRS 115 will take effect from financial year beginning on or after January 1, 2017, with retrospective application required.

Management is currently assessing the effects of FRS 115 in the period of initial adoption.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- **Materiality and aggregation** - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- **Statement of financial position and statement of profit or loss and other comprehensive income** - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- **Presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments** - An entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of amendments to FRS 1 on the financial statements of the company in the period of initial adoption.

Other than FRS 109, FRS 115 and amendments to FRS 1, management has considered and is of the view that the adoption of the amendments and improvements to FRSs that are issued as at date of authorisation of these financial statements but effective only in future periods may impact on the financial statements as management is currently assessing the effects of the amendments and improvements to FRSs in the period of their initial adoption.

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

Effective interest method

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

Financial assets

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables where the recognition of interest would be immaterial.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 the allowance account. Changes in the carrying amount of the allowance account are recognised in the 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.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method except for short-term payables when the recognition of interest would be immaterial.

Derecognition of financial liabilities

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

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Furniture and fittings	-	20%
Renovations	-	33%
Office equipment	-	20%
Computers	-	33%

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

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

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

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATES - An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The investment in associate is stated at cost less accumulated impairment allowances made in recognition of impairment in value, if any.

The company is exempted under FRS 28 "Investments in Associates" from applying the equity method of accounting for the associate as the company is itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by ultimate holding company, Tata Steel Limited, incorporated in India, on a worldwide basis and such financial statements are publicly available.

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

OPERATING LEASES - Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

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

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Commission income

Commission income is recognised when goods have been delivered to the customers and upon acceptance by customers.

BORROWING COSTS - Borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, 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.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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), or where they arise from the initial accounting for a business combination.

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

In preparing the financial statements, transactions in currencies other than the company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items 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 other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

(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:

Net realisable value of inventories

Allowance for inventory obsolescence have been estimated based on the estimated market value, condition of inventories including any additional cost which may be incurred to render the inventories in saleable condition, historical and expected future usage of inventories. The carrying amount of inventories is disclosed in Note 9 to the financial statements.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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

(ii) Key sources of estimation uncertainty

Impairment of investment in associate

Management of the company performs impairment assessment of the recoverable amount of the investments in associate at the end of each reporting period to determine whether there is any indication that its associates is impaired. Where there is an indicator of impairment, the recoverable amounts of investment in associate would be determined based on higher of fair value less costs to sell and value-in-use calculations. The value-in-use calculations require the use of judgements and estimates.

The carrying amount of investment in associate at end of the reporting period was US\$1,303,458 (2014 : US\$1,303,458).

The carrying amount of investment in associate at the end of the reporting period is disclosed in Note 11 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

	<u>2015</u> US\$	<u>2014</u> US\$
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>4,073,668</u>	<u>9,024,659</u>
Financial liabilities		
Amortised cost	<u>619,124</u>	<u>5,522,788</u>

(b) Financial risk management policies and objectives

The company has adopted risk management policies that seek to mitigate financial risks in a cost-effective manner. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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

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

Details of the company's financial risk management objectives and policies are as follows:

(i) Foreign currency risk management

The company's transacts mainly in Euro, Great Britain Pound and Singapore dollar, and is exposed to foreign exchange risk related to certain cash and cash equivalents, trade receivables and trade payables.

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:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2015</u> US\$	<u>2014</u> US\$	<u>2015</u> US\$	<u>2014</u> US\$
Great Britain pound	294,950	217,541	62,052	68,122
Singapore dollar	<u>830,877</u>	<u>2,140,677</u>	<u>375,745</u>	<u>589,124</u>

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the Great Britain pound were to strengthen/weaken by 10% against the United States dollar, loss before tax will decrease/increase by approximately US\$23,290 (2014 : US\$14,942).

If the Singapore dollar were to strengthen/weaken by 10% against the United States dollar, loss before tax will decrease/increase by approximately US\$45,513 (2014 : US\$155,155).

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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

(ii) Interest rate risk management

The company's exposure to interest rate risk is limited to excess funds placed with banks on a short-term basis. Fluctuations in interest rates are not expected to have a material impact on the company's operating results.

No sensitivity analysis is prepared as the management does not expect any material effect on the company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Credit risk management

The company's principal financial assets consist of cash and cash equivalents, trade receivables and other receivables.

Cash and cash equivalents mainly comprise of bank balances, which are held with creditworthy financial institutions.

The company's credit risk is primarily attributable to its trade receivables. The amount presented in the statement of financial position is net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company manages credit risks by dealing with creditworthy customers. The company's sales are concentrated on a few key customers and exposure to credit risk is mitigated as the major customers are covered by credit insurance. Credit risk is also managed by monitoring payments from customers regularly. At the end of the reporting date, approximately 67% (2014 : 87%) of the third parties trade receivables balance is due from three (2014 : three) customers. The company also has significant trade and other receivables from related companies. Management considers the credit risk relating to these receivables to be low.

Credit risk is managed by a credit evaluation process which includes assessment and evaluation of existing and potential customers' credit standing to determine credit terms. Payments are monitored for compliance with credit terms.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amounts of these assets in the statement of financial position.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

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

(iv) Liquidity risk management

The company maintains sufficient liquidity to finance its activity. The company's operations are financed mainly through equity.

All financial liabilities in 2014 and 2015 are repayable on demand or due within 1 year from the end of the reporting period and are non-interest bearing.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximates their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) *Capital risk management policies and objectives*

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises issued capital and retained earnings. The company uses external borrowings from time to time. The company's overall strategy remains unchanged from 2014.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a wholly-owned subsidiary of Tata Steel International (Singapore) Holdings Pte Ltd, incorporated in Singapore. The company's intermediate holding company is T S Global Holdings Pte. Ltd (formerly known as Tata Steel Global Holdings Pte. Ltd.), incorporated in Singapore. The company's ultimate holding company is Tata Steel Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

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.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

During the year, the company entered into the following transactions with related companies:

	<u>2015</u> US\$	<u>2014</u> US\$
Sales of goods to related companies	(4,556)	(650,400)
Purchases of goods from related companies	4,797,721	24,797,431
Commission income from related companies	(268,971)	(303,262)
Waiver of amount due from immediate holding company for expenses paid/incurred on behalf	<u>69,461</u>	<u>119,129</u>

Compensation of directors and key management personnel

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

6 CASH AND BANK BALANCES

	<u>2015</u> US\$	<u>2014</u> US\$
Cash and bank balances	<u>180,484</u>	<u>211,033</u>

7 TRADE AND OTHER RECEIVABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Trade receivables due from outside parties	512,174	5,603,660
Trade receivables due from related companies (Note 5)	544,102	1,086,134
Other receivables due from intermediate holding company ⁽¹⁾ (Note 5)	<u>2,752,988</u>	<u>2,040,463</u>
	<u>3,809,264</u>	<u>8,730,257</u>

⁽¹⁾ As at March 31, 2015, other receivables due from intermediate holding company are under cash-pooling arrangement, unsecured, bear interest at 0.001% to 0.014% (2014 : 0.002% to 0.035%) per annum and are repayable upon demand.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

7 TRADE AND OTHER RECEIVABLES (cont'd)

The average credit period on sale of goods ranges from 14 to 90 days (2014 : 14 to 60 days). No interest is charged on outstanding receivables.

The allowance for doubtful trade receivables has been determined by taking into consideration recovery prospects and past default experience.

Before accepting any new customer, the company will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are assessed periodically.

In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. At the end of the reporting date, approximately 67% (2014 : 87%) of the third parties trade receivables balance is due from three (2014 : three) customers. Credit risk is mitigated as the major customers are covered by credit insurance. Credit risk is also managed by monitoring payments from customers regularly. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

All of the trade receivables that are neither past due nor impaired relate to customers that the company has assessed to be creditworthy, based on the credit evaluation process performed by management.

Included in the company's trade receivables balance are debtors with a carrying amount of US\$726,193 (2014 : US\$4,486,427) which are past due at 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 aging profile of these receivables are as follows:

	<u>2015</u>	<u>2014</u>
	US\$	US\$
(i) Aging of receivables that are past due but not impaired		
< 1 month	179,472	2,614,660
1 to 2 months	104,771	602,167
>2 months	<u>441,950</u>	<u>1,269,600</u>
	<u>726,193</u>	<u>4,486,427</u>

8 DEPOSITS AND PREPAYMENTS

	<u>2015</u>	<u>2014</u>
	US\$	US\$
Deposits	83,920	83,369
Sundry prepayments	1,417	-
Prepayments for purchase of inventories	<u>-</u>	<u>9,099</u>
	<u>85,337</u>	<u>92,468</u>

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

9 INVENTORIES

	2015 US\$	2014 US\$
Finished goods, at net realisable value	<u>770,821</u>	<u>2,992,878</u>
Movements in the allowance for inventories:		
Balance at beginning of year	1,191,225	1,103,200
(Reversal of) Allowance for inventory obsolescence	<u>(375,236)</u>	<u>88,025</u>
Balance at end of year	<u>815,989</u>	<u>1,191,225</u>

In 2015, the cost of inventories recognised as an expense included reversal of write-downs of inventories of US\$375,236 due to sale of items above the net realisable value during the year for which allowance was previously made. In 2014, the cost of inventories recognised as an expense included of US\$88,025 in respect of write-down of inventory to net-realizable value.

10 PLANT AND EQUIPMENT

	Furniture and fittings US\$	Renovations US\$	Office equipment US\$	Computers US\$	Total US\$
Cost:					
As at April 1, 2013	5,900	22,720	19,387	51,020	99,027
Additions	<u>-</u>	<u>1,823</u>	<u>-</u>	<u>-</u>	<u>1,823</u>
As at March 31, 2014	5,900	24,543	19,387	51,020	100,850
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,552</u>	<u>4,552</u>
As at March 31, 2015	<u>5,900</u>	<u>24,543</u>	<u>19,387</u>	<u>55,572</u>	<u>105,402</u>
Accumulated depreciation:					
As at April 1, 2013	4,377	2,107	15,896	37,883	60,263
Depreciation	<u>492</u>	<u>9,086</u>	<u>250</u>	<u>10,552</u>	<u>20,380</u>
As at March 31, 2014	4,869	11,193	16,146	48,435	80,643
Depreciation	<u>481</u>	<u>9,007</u>	<u>1,754</u>	<u>225</u>	<u>11,467</u>
As at March 31, 2015	<u>5,350</u>	<u>20,200</u>	<u>17,900</u>	<u>48,660</u>	<u>92,110</u>
Carrying amount:					
As at March 31, 2015	<u>550</u>	<u>4,343</u>	<u>1,487</u>	<u>6,912</u>	<u>13,292</u>
As at March 31, 2014	<u>1,031</u>	<u>13,350</u>	<u>3,241</u>	<u>2,585</u>	<u>20,207</u>

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

11 ASSOCIATE

	<u>2015</u> US\$	<u>2014</u> US\$
Unquoted shares, at cost	<u>1,303,458</u>	<u>1,303,458</u>

Details of the associate are as follows:

<u>Name of associate</u>	<u>Country of incorporation and operations</u>	<u>Principal activities</u>	<u>Proportion of ownership interest and voting power held</u>	
			<u>2015</u> %	<u>2014</u> %
European Profiles (M) Sdn. Bhd.	Malaysia	Manufacturing and fabrication of building envelope systems and composite floor decking	20	20

12 TRADE AND OTHER PAYABLES

	<u>2015</u> US\$	<u>2014</u> US\$
Trade payables:		
Outside parties	131,160	100,600
Related companies (Note 5)	<u>132,850</u>	<u>4,914,233</u>
	264,010	5,014,833
Advances from customers	-	52,429
Accruals	<u>355,114</u>	<u>507,955</u>
	<u>619,124</u>	<u>5,575,217</u>

The average credit period on purchases of goods is 75 days (2014 : 75 days). No interest is charged on outstanding balances.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

13 SHARE CAPITAL

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	Number of ordinary shares		US\$	US\$
Issued and paid up:				
At beginning and end of the year	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,230,992</u>	<u>1,230,992</u>

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.

14 REVENUE

	<u>2015</u>	<u>2014</u>
	US\$	US\$
Sale of goods	<u>6,849,290</u>	<u>30,169,769</u>

15 OTHER OPERATING INCOME

	<u>2015</u>	<u>2014</u>
	US\$	US\$
Dividend income from associate	63,282	64,820
Commission income from related companies (Note 5)	268,971	303,262
Foreign currency exchange gain	239,587	25,235
Reversal of over-accrued expenses	489,574	-
Others	<u>13,600</u>	<u>44,267</u>
	<u>1,075,014</u>	<u>437,584</u>

16 INCOME TAX EXPENSE

	<u>2015</u>	<u>2014</u>
	US\$	US\$
Income tax expense	-	-

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable loss for the year.

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

16 INCOME TAX EXPENSE (cont'd)

The total charges for the year can be reconciled to the accounting loss as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Loss before income tax	(2,231,552)	(242,362)
Tax benefit at the domestic income tax rate of 17% (2014 : 17%)	(379,364)	(41,202)
Effect of non-deductible items	12,364	22,202
Deferred tax benefit not recognised in current year	<u>367,000</u>	<u>19,000</u>
Income tax expense		

The amount of unutilised tax losses carried forward for the company amounted to approximately US\$7,635,000 (2014 : US\$5,475,000). The deferred tax assets of approximately US\$1,297,000 (2014 : US\$930,000) are not recognised in the financial statements in view of the uncertainty of their recoverability. The tax losses can be carried forward for an unlimited future period subject to the conditions imposed by law.

17 LOSS FOR THE YEAR

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

	<u>2015</u> US\$	<u>2014</u> US\$
Staff costs	814,507	802,531
Cost of defined contribution plans (included in staff costs)	61,974	59,891
Bad trade receivables written off	1,052,174	109,051
(Reversal of) Allowance for inventory obsolescence	(375,236)	88,025
Foreign currency exchange adjustment loss (gain) - net	62,652	(331,275)
Depreciation of plant and equipment	11,467	20,380
Cost of inventories recognised as expense	<u>7,355,193</u>	<u>29,350,054</u>

TATA STEEL INTERNATIONAL (SINGAPORE) PTE LTD

NOTES TO FINANCIAL STATEMENTS
March 31, 2015

18 OPERATING LEASE COMMITMENTS

	<u>2015</u> US\$	<u>2014</u> US\$
Minimum lease payments under operating leases recognised as an expense in the year	<u>509,473</u>	<u>428,045</u>

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2015</u> US\$	<u>2014</u> US\$
Within one year	168,727	461,458
In the second to fifth year inclusive	<u>119,270</u>	<u>8,111</u>
	<u>287,997</u>	<u>469,569</u>

Operating lease payments represents rentals payable by the company for its office premise, warehouse, motor vehicles for staff and staff accommodation under non-cancellable operating lease agreements. The leases are contracted for a period ranging from 1 to 2 years (2014 : 1 to 2 years) and rentals are fixed for the duration of the leases.