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Tata Chemicals International Pte. Ltd.
Registration Number: 200719636Z

Annual Report
Year ended 31 March 2018

Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Kottamasu Venkateswara Rao
Ramakrishnan Mukundan
John Mulhall

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Ultimate holding company		
Tata Chemicals Limited		
Shares of Rs. 10/- each		
Ramakrishnan Mukundan	500	500

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

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

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued ordinary shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

Pursuant to a directors' resolution dated 27 July 2017, KPMG LLP were appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Kottamasu Venkateswara Rao
Director

John Mulhall
Director

30 April 2018

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Independent auditors' report

Members of the Company
Tata Chemicals International Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tata Chemicals International Pte. Ltd. (the 'Company'), which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS28.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 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 conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' 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 *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.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the directors' statement prior to the date of this auditors' report.

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.

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.

Auditors' 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 auditors' 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:

- 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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 controls that we identify during our audit.

Other matters

The financial statements for the year ended 31 March 2017 were audited by another auditor whose report dated 19 May 2017 expressed an unqualified opinion on those statements.

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.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 April 2018

Statement of financial position
As at 31 March 2018

	Note	2018 US$	2017 US$
Non-current assets			
Plant and equipment	4	9,179	14,772
Investment in joint venture	5	–	–
Investment in subsidiaries	6	701,336,880	701,336,880
		701,346,059	701,351,652
Current assets			
Trade and other receivables	7	28,266,324	42,875,423
Derivative financial instruments	8	25,853	752,815
Cash at bank		7,593,192	2,093,764
		35,885,369	45,722,002
Total assets		737,231,428	747,073,654
Equity			
Share capital	9	596,737,700	596,737,700
Accumulated losses		(88,313,715)	(93,615,078)
Foreign currency translation reserve	10	(423,163)	(423,163)
		508,000,822	502,699,459
Non-current liabilities			
Loans and borrowings	11	196,236,871	–
		196,236,871	–
Current liabilities			
Loans and borrowings	11	11,283,435	221,249,189
Accruals		384,070	789,445
Derivative financial instruments	8	284,275	–
Trade and other payables	12	21,001,955	22,335,561
Income tax payable		40,000	–
		32,993,735	244,374,195
Total liabilities		229,230,606	244,374,195
Total equity and liabilities		737,231,428	747,073,654

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2018

	Note	2018 US$	2017 US$
Revenue	13	86,751,545	78,178,231
Cost of sales		(84,833,704)	(76,798,212)
Gross profit		1,917,841	1,380,019
Other operating income	14	15,252,065	12,038,943
Administrative expenses	15	(4,432,820)	(3,890,074)
Other operating expenses	16	(2,200,000)	(2,500,000)
Finance costs	17	(5,191,290)	(4,477,865)
Profit before tax		5,345,796	2,551,023
Tax expense	18	(44,433)	–
Profit for the year, representing total comprehensive income for the year	19	5,301,363	2,551,023

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

Statement of changes in equity
Year ended 31 March 2018

	Share capital US$	Preference shares US$	Foreign currency translation reserve US$	Accumulated losses US$	Total US$
At 1 April 2016	481,637,700	115,100,000	(423,163)	(96,166,101)	500,148,436
Total comprehensive income for the year					
Profit for the year	–	–	–	2,551,023	2,551,023
Total comprehensive income for the year	–	–	–	2,551,023	2,551,023
At 31 March 2017	481,637,700	115,100,000	(423,163)	(93,615,078)	502,699,459
At 1 April 2017	481,637,700	115,100,000	(423,163)	(93,615,078)	502,699,459
Total comprehensive income for the year					
Profit for the year	–	–	–	5,301,363	5,301,363
Total comprehensive income for the year	–	–	–	5,301,363	5,301,363
At 31 March 2018	481,637,700	115,100,000	(423,163)	(88,313,715)	508,000,822

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

Statement of cash flows
Year ended 31 March 2018

	2018 US$	2017 US$
Cash flows from operating activities		
Profit before tax	5,345,796	2,551,023
Adjustments for:		
Dividend income	(14,901,841)	(10,725,349)
Depreciation of plant and equipment	5,593	32,438
Loss/(gain) from derivative financial instruments not designated as hedges	1,037,090	(883,658)
Amortisation of facility fees on bank loans	1,558,798	1,844,348
Reversal for foreseeable loss on investment in joint venture	–	(45,042)
Impairment loss on investment in subsidiary	2,200,000	2,500,000
Finance income	(196,428)	(384,809)
Finance costs	4,804,289	4,375,970
	(146,703)	(735,079)
Changes in working capital:		
Trade and other receivables	8,487,080	(11,619,902)
Trade and other payables	(648,766)	4,411,719
Derivative financial instruments	(25,853)	–
Accruals	(405,375)	10,799
Cash generated from/(used in) operations	7,260,383	(7,932,463)
Tax paid	(4,433)	–
Net cash generated from/(used in) operating activities	7,255,950	(7,932,463)
Cash flows from investing activities		
Purchase of plant and equipment	–	(15,740)
Additional investment in joint venture	–	(1,410,138)
Additional investment in subsidiary	(2,200,000)	(2,500,000)
Interest received	41,312	20,064
Dividend received	14,901,841	10,725,349
Advance due from subsidiary	6,277,135	1,000,000
Net cash from investing activities	19,020,288	7,819,535
Cash flows from financing activities		
Interest paid	(5,489,128)	(4,379,996)
Proceeds from loans and borrowings	47,131,020	16,571,117
Repayment of loans and borrowings	(62,418,702)	(12,000,000)
Net cash (used in)/from financing activities	(20,776,810)	191,121
Net increase in cash and cash equivalents	5,499,428	78,193
Cash and cash equivalents at beginning of year	2,093,764	2,015,571
Cash and cash equivalents at end of year	7,593,192	2,093,764

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2018.

1 Domicile and activities

Tata Chemicals International Pte. Ltd. (the 'Company') is incorporated in the Republic of Singapore. The address of the Company's registered office and its principal place of business is at 78 Shenton Way, #17-01/02, Singapore 079120.

The principal activity of the Company is that of general wholesaler trade and an investment holding company.

The Company is a wholly-owned subsidiary of Bio Energy Venture – 1 (Mauritius) Pvt. Ltd., incorporated in Mauritius. The Company's ultimate holding company is Tata Chemicals Limited, incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ('FRSs').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors, current economic conditions and historical write-off experience. If the financial conditions of the debtors were to deteriorate or if the economic conditions worsened, additional allowances may be required in future.

Impairment loss on subsidiaries and joint venture

Management reviews the carrying amounts of the investments in subsidiaries and joint venture at each reporting period to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

Estimates of recoverable amounts were based on the higher of calculated value-in-use and fair value less cost to sell. In assessing value-in-use, management needs to estimate the future cash flows expected from the cash-generating units ('CGU') and an appropriate discount rate for each CGU to calculate the present value of future cash flows.

2.5 Changes in accounting policies

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 April 2017. The adoption of these new and revised FRSs does not result in substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the current and prior periods.

The Company has applied the following amendment for the first time for the annual period beginning on 1 April 2017:

Disclosure Initiative (amendments to FRS7)

From 1 April 2017, as a result of the amendments to FRS7, the Company has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018. Comparative information has not been presented (see note 11).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

These financial statements are separate financial statements. Under the exemption from consolidation provisions given in FRS 110 *Consolidated Financial Statements*, the Company needs not present consolidated financial statements on the basis that it is itself a wholly-owned subsidiary of another entity. Consolidated financial statements are prepared by the ultimate holding company, Tata Chemicals Limited, which has its registered office at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001 (India).

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Joint venture

A joint venture is an arrangement in which the Company has joint control, where the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Accounting for subsidiaries and joint venture

Investments in subsidiaries and joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.3 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

(ii) Non-derivative financial liabilities

The Company initially recognises financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: loans and borrowings, accruals, and trade and other payables. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in the profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Other non-trading derivatives

When a derivative financial instruments is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if it is redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

3.5 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Computers	3 years
• Office equipment	3 years
• Leasehold improvements	Over the period of the lease (3 years)

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Leased assets

Leases in terms of which the Comapny assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in a joint venture), is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables a are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as staff costs in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Revenue recognition

Revenue excludes value added and other sale taxes and is after deduction of any trade discounts, and is recognised using the following methods:

(i) Sale of goods

Revenue from sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in the profit or loss when the shareholders' right to receive payment is established.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expenses and similar charges that are recognised in the profit or loss. All borrowing costs are recognised in the profit or loss using the effective interest method.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income ('OCI').

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. The Company is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption on 1 January 2018 and FRS 116 *Leases* which is mandatory for adoption on 1 January 2019.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

- FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ('ROU') assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As FRS 115, FRS 109 and FRS 116 when effective, will change the existing accounting standards and guidance applied by the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Company. The management is currently evaluating the potential impact on its financial statements and to implement the standards. The Company does not plan to adopt these standards early.

4 Plant and equipment

	Leasehold improvements US$	Computers US$	Office equipment US$	Total US$
Cost				
At 1 April 2016	61,069	6,750	27,779	95,598
Additions	13,419	2,321	–	15,740
Disposal	(48,972)	–	–	(48,972)
At 31 March 2017 and 31 March 2018	25,516	9,071	27,779	62,366
Accumulated depreciation				
At 1 April 2016	40,713	4,897	18,518	64,128
Depreciation during the year	21,474	1,703	9,261	32,438
Disposal	(48,972)	–	–	(48,972)
At 31 March 2017	13,215	6,600	27,779	47,594
Depreciation during the year	4,473	1,120	–	5,593
At 31 March 2018	17,688	7,720	27,779	53,187
Carrying amounts				
At 1 April 2016	20,356	1,853	9,261	31,470
At 31 March 2017	12,301	2,471	–	14,772
At 31 March 2018	7,828	1,351	–	9,179

5 Investment in joint venture

	2018 US$	2017 US$
Unquoted equity shares, at cost	19,571,307	19,571,307
Impairment loss	(19,571,307)	(19,571,307)
	–	–

The change in impairment loss in respect of investment in joint venture is as follows:

	2018 US$	2017 US$
Balance at the beginning of the year	(19,571,307)	(18,161,169)
Impairment loss for the year	–	(1,410,138)
Balance at the end of the year	(19,571,307)	(19,571,307)

Details of joint venture of the Company is as follows:

Name of joint venture (place of incorporation)	**Principal activities**	**Percentage of interest held**	
		2018	**2017**
JOil (S) Pte Ltd (incorporated in Singapore)	Research and development	33.78%	33.78%

Management has considered and assessed the recoverable value of its investment as of 31 March 2018 and 2017. Arising from the assessment, investment in JOil (S) Pte Ltd ("JOil") has been fully impaired. The aim of JOil was to develop and market a Jatropha based bio-fuel product. In 2015, following a review of the business and product development plans, project delays and other external factors, including the significant reduction in the price of oil, and the financial performance of the joint venture, the Company has determined that, at present, the investment will not achieve its initial aims and recoverable amount and this continues to be the situation for 2016 to 2018. As such, since prior years, the Company had fully impaired the value of its investment which had been loss making, and included a provision for the final two tranches of shares it is obligated to invest in under the 2008 share subscription agreement.

In 2017, a provision of US$1,410,138 was transferred to impairment loss balance subsequent to an additional cash call by the joint venture on one of the tranches.

6 Investment in subsidiaries

	2018 US$	**2017 US$**
Unquoted equity shares, at cost	798,697,013	796,497,013
Impairment loss	(97,360,133)	(95,160,133)
	701,336,880	701,336,880

The change in impairment loss in respect of investments in subsidiaries are as follows:

	2018 US$	**2017 US$**
Balance at the beginning of the year	(95,160,133)	(92,660,133)
Impairment loss for the year	(2,200,000)	(2,500,000)
Balance at the end of the year	(97,360,133)	(95,160,133)

Details of the Company's subsidiaries at 31 March 2018 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Company 2018 %	Effective equity held by the Company 2017 %
Homefield Pvt. UK Ltd	Investment holding	England	100	100
Gusiute Holdings (UK) Limited	Investment holding	England	100	100

Management had assessed and made an allowance for impairment loss of US$2,200,000 (2017: US$2,500,000) on its investment in Homefield Pvt. UK Ltd, which had been recognised in profit or loss for the year. The Company had fully impaired the value of its investment which continues to be in significant capital deficiency and continues to be loss making.

7 Trade and other receivables

	2018 US$	2017 US$
Trade receivables:		
- Outside parties	17,567,457	31,655,212
- Ultimate holding company	9,647,403	4,049,452
	27,214,860	35,704,664
Other receivables:		
- Deposits	8,269	2,489
- Accrued interest due from subsidiary (non-trade)	1,042,034	886,918
- Advance due from subsidiary (non-trade)	–	6,277,135
- Others	1,161	4,217
Total	28,266,324	42,875,423

In 2017, the advance due from subsidiary was unsecured, repayable within the next 12 months and interest is charged at 3.2% to 5% per annum.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and the past collection history of each customer. Based on management's assessment, no allowance for doubtful debts was required as there has been no significant change in credit quality and the amounts are still considered recoverable.

Impairment losses

The ageing of trade receivables at the reporting date was:

	<------------ 2018 ----------->		<------------ 2017 ----------->	
	Gross receivables $	Impairment losses $	Gross receivables $	Impairment losses $
Not past due	27,214,860	–	35,704,664	–

8 Derivative financial instruments

	2018		2017	
	Assets US$	Liabilities US$	Assets US$	Liabilities US$
Interest rate swaps	–	284,275	752,815	–
Forward exchange contracts	25,853	–	–	–
	25,853	284,275	752,815	–

The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank loans (Note 11) by swapping the borrowings from floating rates to fixed rates. The floating rate on the interest rate swaps is the London interbank offered rate. The Company will settle the difference between the fixed and the floating interest rate on a net basis. All the Company's derivative financial instruments are not designated as hedging instruments and the change in the fair value has been recognised in profit or loss.

9 Share capital

	2018		2017	
	Number of shares	US$	Number of shares	US$
Ordinary shares				
Issued and fully paid				
At beginning of year and at end of year	485,307,852	481,637,700	485,307,852	481,637,700
Preference shares				
Issued and fully paid				
At beginning of year and at end of year	16,100,000	115,100,000	16,100,000	115,100,000

The Company has one class of ordinary shares with no par value which carry no right to fixed income.

The holder of redeemable preference shares has the right to a preferential dividend which is payable as and when determined by the Company's board of directors in such amount as determined by the board. The Company may at any time redeem any or all of the non-convertible and non-cumulative redeemable preference share by giving not less than seven days prior notice in writing to the holders of non-convertible and non-cumulative redeemable preference shares.

Capital management

The Board defines "capital" as share capital and all components of equity.

The Company's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return of capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

10 Foreign currency translation reserve

The foreign currency translation reserve arises from the Company's change in functional/presentation currency to the United States Dollar in prior years.

11 Loans and borrowings

	2018 US$	2017 US$
Working capital facility (1)	11,283,435	22,571,117
Bank loans (2)	196,236,871	198,678,072
	207,520,306	221,249,189

(1) The unsecured working capital facility is provided by Credit Agricole Corporate & Investment Bank and DBS Bank and is repayable within 90 days (2017: 90 days). Interest is charged at 2.60% to 3.03% (2017: 1.20% to 1.35%) per annum over US$ London Interbank Offered Rate ("LIBOR").

(2) The bank loans are refinanced during the year and bear effective interest rate of 2.97% (2017: 2.59% and 2.43%) per annum. The bank loans are denominated in United States dollars and repayable on 12 December 2022. The management estimates the fair value of the Company's bank loans, by discounting their future cash flows at the swap interest rate to be US$200,000,000 (2017: US$200,000,000).

	Loans and borrowings US$	Accrued interest (Note 12) US$	Total US$
Balance at 1 April 2017	221,249,189	1,017,894	222,267,083
Changes from financing cash flows			
Finance costs	4,804,289	–	4,804,289
Proceeds from loans and borrowings	47,131,020	–	47,131,020
Repayment of loans and borrowings	(62,418,702)	–	(62,418,702)
Interest paid	(4,804,288)	(684,840)	(5,489,128)
Total changes from financing cash flows	(15,287,681)	(684,840)	(15,972,521)
Other change			
Liability-related			
Amortisation of facility fees on bank loans	1,558,798	–	1,558,798
Total liability-related other change	1,558,798	–	1,558,798
Balance as at 31 March 2018	207,520,306	333,054	207,853,360

12 Trade and other payables

	2018 US$	2017 US$
Trade payables - related companies	12,465,901	13,114,667
Advances received from immediate holding company (non-trade)	8,203,000	8,203,000
Accrued interest	333,054	1,017,894
Total	21,001,955	22,335,561

Payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases of goods is 90 days (2017: 90 days). No interest is charged on trade payables.

Advances received from immediate holding company are unsecured, repayable on demand and interest-free.

13 Revenue

	2018 US$	2017 US$
Sale of goods	86,751,545	78,178,231

14 Other income

	2018 US$	2017 US$
Dividend income	14,901,841	10,725,349
Finance income:		
- subsidiary	155,116	364,745
- fixed deposit	41,312	20,064
Reversal of foreseeable loss on investment in joint venture	–	45,042
Gain from derivative financial instruments not designated as hedges	–	883,658
Other income	153,796	85
	15,252,065	12,038,943

15 Administrative expenses

	2018 US$	2017 US$
Bank charges	62,673	94,136
Amortisation of facility fees on bank loans	1,558,798	1,844,348
Guarantee commission	865,309	1,236,833
Loss from derivative financial instruments not designated as hedges	1,037,090	–
Professional fees	406,870	140,955
Operating lease expenses	80,594	134,913
Depreciation	5,593	32,438
Staff costs	269,537	256,525
Others	146,356	149,926
	4,432,820	3,890,074

16 Other expenses

	2018 US$	2017 US$
Impairment loss on investment in subsidiary	2,200,000	2,500,000

17 Finance costs

	2018 US$	2017 US$
Interest on bank loans	4,804,289	4,375,970
Hedging cost	387,001	101,895
	5,191,290	4,477,865

18 Tax expense

	2018 US$	2017 US$
Current tax expense		
Current year	40,000	–
Adjustments for prior years	4,433	–
	44,433	–

Reconciliation of effective tax rate

	2018 US$	2017 US$
Profit before income tax	5,345,796	2,551,023
Tax calculated using Singapore tax rate of 17% (2017: 17%)	908,785	433,674
Non-deductible expenses	1,749,921	1,455,636
Tax exempt revenue	(2,566,706)	(1,700,000)
Adjustments for prior years	4,433	-
Deferred tax assets utilised	(52,000)	(189,310)
	44,433	–

Subject to the agreement by the tax authorities, the Company has unutilised tax losses of US$2,129,973 (2017: US$2,435,856) available to offset future profits. At the end of the reporting period, no deferred tax asset had been recognised due to the unpredictability of future profit streams.

19 Profit for the year

The following items have been included in arriving at profit before tax for the year:

	2018 US$	2017 US$
Contributions to defined contribution plans included in staff costs	21,327	18,855
Loss/(gain) from derivative financial instruments not designated as hedges	1,037,090	(883,658)

20 Financial instruments

Financial risk management

Overview

The Company has exposures to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash equivalents.

The carrying amounts of financial assets in the statement of financial position represent the Company's maximum exposure to credit risk before taking into account any collateral held. Asides from trade receivables, the Company do not hold any collateral in respect of their financial assets.

Trade and other receivables

The Company manages its credits risk by transacting with established companies with no adverse information in the industries. The Company's credit terms are generally up to 180 days (2017: 30 to 180 days). No interest is charged on the outstanding balance.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers. The company has policies in place to ensure that invoices for goods provided to customers are collected within an appropriate time period and that loss to the company is minimised in the event of default. The collateral held for trade receivables include letter of credit from reputable banks recommended by the Company.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Allowance is made on specific customers or invoices which might be impaired. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

In determining the recoverability of trade recivables, the Company considers any change in the credit quality of the trade receivables from the date of credit was initially granted up to the end of the reporting period and the past collection history of each customer. Based on management's assessment, no allowance for doubtful debts was required as there has been no significant change in the credit quality and the amounts are still considered recoverable.

At the reporting date, the Company is exposed to concentration of credit risk as 51% (2017: 42%) of its trade receivables are due from 2 customers (2017: 2 customers) and 37.8% (2017: 26%) of its total trade and other receivables are due from ultimate holding company and a subsidiary.

Derivatives

The derivatives are placed with financial institutions which are regulated. Management does not expect any of its counterparties to fail to meet its obligations.

Cash and cash equivalents

Cash is placed with financial institutions which are regulated. Management does not expect any of its counterparties to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

In 2017, the Company had current liabilities in excess of current assets by US$198,652,193. Further, management was evaluating the offers from various financial institutions to refinance its existing bank loans (Note 11) that was due within 1 year. In 2018, the Company has refinanced this loan for a further tenure of 5 years, hence this liability has been reclassified as a long term liability.

The carrying amount of the loans and borrowings, accruals, income tax payable and trade and other payables approximates the expected contractual cash flows which will mature within the next one year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company is not exposed to any significant equity price risk.

Foreign currency risk

The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore dollar against United States dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

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	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Singapore dollars	23,000	47,315	148,046	154,872

Foreign currency sensitivity

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's results arising from the effects of reasonable possible changes to foreign currency exchange rates on the financial statements of the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company uses interest rate swaps to manage its exposure to interest rate movements on its bank loans by swapping the borrowings from floating rates to fixed rates. The interest rate and terms of repayment of bank loans of the Company are disclosed in Note 11 to the financial statements.

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

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $	Financial liabilities at amortised cost $	Total carrying amount $	Fair value $
31 March 2018					
Trade and other receivables*	7	28,266,324	–	28,266,324	28,266,324
Cash at bank		7,593,192	–	7,593,192	7,593,192
		35,859,516	–	35,859,516	35,859,516
Loans and borrowings	11	–	207,520,306	207,520,306	207,520,306
Accruals		–	384,070	384,070	384,070
Trade and other payables#	12	–	12,798,955	12,798,955	12,798,955
		–	220,703,331	220,703,331	220,703,331

	Note	Loans and receivables $	Financial liabilities at amortised cost $	Total carrying amount $	Fair value $
31 March 2017					
Cash at bank		2,093,764	–	2,093,764	2,093,764
Trade and other receivables*	7	42,875,423	–	42,875,423	42,875,423
		44,969,187	–	44,969,187	44,969,187
Loans and borrowings	11	–	221,249,189	221,249,189	221,249,189
Accruals		–	789,445	789,445	789,445
Trade and other payables#	12	–	14,132,561	14,132,561	14,132,561
		–	236,171,195	236,171,195	236,171,195

* Excluding prepayments
\# Excluding advances received from immediate holding company

Estimation of fair values

Fair value is defined as 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.

Interest-bearing liabilities

For variable interest rate financial liabilities, the carrying amounts approximate their fair value as the interest rate reprices frequently.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, accruals, short-term loans and borrowings, income tax payable and trade and other payables) approximate their fair values because of the short period to maturity of these financial instruments. The fair value of the long-term loan and borrowings are disclosed in Note 11 to the financial statements.

Fair value hierarchy

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liablity, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments measured at fair value and financial assets and liabilities that are not measured at fair value but for which fair values are disclosed*

Financial asset/(liability)	Fair value as at 2018	Fair value as at 2017	Fair value hierarchy	Valuation technique
	US$	US$	US$	US$
Interest rate swaps	(284,275)	752,815	Level 2	Discounted cash flow [1]

* Excludes financial assets and liabilities whose carrying amounts measured on amortised costs basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(1) Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

21 Operating lease commitments

As at balance sheet date, the Company has future minimum lease payments under non-cancellable operating leases as follows:

	2018 US$	2017 US$
Within 1 year	90,675	82,692
Between 2 and 5 years	74,521	91,281
	165,196	173,973

Operating lease payments represent rentals payable by the Company mainly for its office premise and staff accommodation. Leases are negotiated for an average term of 1 to 3 years with fixed monthly rental.

22 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Company.

There are no key management personnel apart from the Company's directors. No remuneration is paid to directors for the financial years ended 31 March 2018 and 2017. The directors are paid remuneration by related companies in their capacity as directors and/or executives of those related companies.

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related corporations are as follows:

	2018 US$	2017 US$
Ultimate holding company		
Sales of goods	27,169,388	7,005,519
Purchase of goods	13,500	–
Reimbursement of expenses	35,650	16,605
Guarantee commission expense	865,309	1,236,833
Subsidiary		
Finance income	155,116	364,745
Dividend income	14,901,841	10,725,349
Related corporations		
Purchase of goods from related companies	57,098,981	67,298,399

23 Comparative information

The financial statements for the year ended 31 March 2017 were audited by another firm of Public Accountants whose report dated 19 May 2017 expressed an unqualified opinion on those financial statements.