

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)
(Company Registration No. 200802690C)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

REPORT OF THE DIRECTORS

The directors present their report to the member together with the audited financial statements of the company for the financial year ended 31 March 2010.

DIRECTORS

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

Kottamasu Venkateswara Rao
Sriram Krishnaswami
Sanjay Dube

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 to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors holding office at the end of the financial period had any interest in shares or debentures of the company or its related corporations at the beginning and end of the financial year as recorded in the register of directors' shareholdings kept by the company.

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, 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 except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

TRUST ENERGY RESOURCES PTE. LTD.
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REPORT OF THE DIRECTORS (...CONT'D)

SHARE OPTIONS

- (a) Options to take up unissued shares
- During the financial year, no option 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.

INDEPENDENT AUDITORS

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

ON BEHALF OF THE DIRECTORS



Kottamasu Venkateswara Rao
Managing Director



Sriram Krishnaswami
Director

30 June 2010

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF DIRECTORS

In the opinion of the directors of TRUST ENERGY RESOURCES PTE. LTD, the accompanying financial statements set out on pages 6 to 36 are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2010 and of its results, changes in equity and cash flows for the financial year ended 31 March 2010; and 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.

ON BEHALF OF THE DIRECTORS



Kottamasu Venkateswara Rao
Managing Director



Sriram Krishnaswami
Director

30 June 2010



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)**

We have audited the accompanying financial statements of TRUST ENERGY RESOURCES PTE. LTD. which comprise the statement of financial position of the company as at 31 March 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 March 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 36.

The financial statements for the year ended 31 March 2009 were audited by another auditor whose report dated 4 May 2009 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

The company's management are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
TRUST ENERGY RESOURCES PTE. LTD. (...CONT'D)
(Incorporated in Singapore)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

Opinion

In our opinion,

- (a) 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 the state of affairs of the company as at 31 March 2010 and of the results, changes in equity and cash flows for the financial year ended 31 March 2010; and
- (b) 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.

Dalvi & Towler LP

Public Accountants and
Certified Public Accountants

Singapore
30 June 2010

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
31 MARCH 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		US\$	US\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6	3,807,639 ✓	4,049,305
Trade receivables	7	186,778 ✓	-
Other receivables and prepayments	8	110,560 ✓	192,364
Total current assets		<u>4,104,977</u>	<u>4,241,669</u>
Non-current assets			
Construction in progress	9	61,791,359 ✓	61,523,160
Investment in subsidiary	10	877,742 ✓	-
Available-for-sale financial assets	11	21,927,578 ✓	29,286,280
Property, plant and equipment	12	30,158 ✓	-
Total non-current assets		<u>84,626,837</u>	<u>90,809,440</u>
TOTAL ASSETS		<u>88,731,814</u>	<u>95,051,109</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables	13	306,274 ✓	-
Other payables	14	517,443 ✓	294,037
Advance from holding company	15	-	35,390,250
Total current liabilities		<u>823,717 ✓</u>	<u>35,684,287</u>
Capital and reserves			
Share capital	16	110,166,356	71,776,106
Accumulated losses		(22,258,259)	(771,294)
Investment revaluation reserve		-	(11,637,990)
Total equity		<u>87,908,097</u>	<u>59,366,822</u>
TOTAL LIABILITIES AND EQUITY		<u>88,731,814</u>	<u>95,051,109</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2010

	<u>Note</u>	<u>2010</u> US\$	<u>2009</u> US\$
Revenue	17	24,496,151	6,682,688
Other Operating income	18	1,086,756	105,746
Exchange gain		34,160	173,858
Purchases		(23,956,758)	(5,755,986)
Staff and related costs		(494,584)	(476,371)
Operating expenses	19	(895,382)	(1,324,857)
Impairment loss on investment in subsidiary	10	(2,721,667)	-
Impairment loss on available-for-sale financial assets	11	(18,996,692)	-
Depreciation expenses	12	(10,936)	-
Finance costs	20	(28,013)	-
Loss before income tax	21	<u>(21,486,965)</u>	<u>(594,922)</u>
Income tax expense	22	-	-
Loss for the year		<u>(21,486,965)</u>	<u>(594,922)</u>
Other comprehensive income:			
Fair value loss on available-for-sale financial assets transferred to loss for the year	23	11,637,990	-
Fair value loss on available-for-sale financial assets	23	-	(11,637,990)
Other comprehensive income for the year		<u>11,637,990</u>	<u>(11,637,990)</u>
Total comprehensive income for the year		<u>(9,848,975)</u>	<u>(12,232,912)</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2010

	<u>Note</u>	<u>Share capital</u>	<u>Accumulated Losses</u>	<u>Investment Revaluation reserve</u>	<u>Total</u>
		US\$	US\$	US\$	US\$
Balance as at 01 April 2008		1,000,001	(176,372)	-	823,629
Issue of share capital	16	70,776,105	-	-	70,776,105
Total comprehensive income for the year		-	(594,922)	(11,637,990)	(12,232,912)
Balance as at 31 March 2009		<u>71,776,106</u>	<u>(771,294)</u>	<u>(11,637,990)</u>	<u>59,366,822</u>
	<u>Note</u>	<u>Share capital</u>	<u>Accumulated Losses</u>	<u>Investment Revaluation reserve</u>	<u>Total</u>
		US\$	US\$	US\$	US\$
Balance as at 01 April 2009		71,776,106	(771,294)	(11,637,990)	59,366,822
Issue of share capital	16	38,390,250	-	-	38,390,250
Total comprehensive income for the year		-	(21,486,965)	11,637,990	(9,848,975)
Balance as at 31 March 2010		<u>110,166,356</u>	<u>(22,258,259)</u>	<u>-</u>	<u>87,908,097</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)
STATEMENT OF CASHFLOWS
YEAR ENDED 31 MARCH 2010

	Note	2010 US\$	2009 US\$
Cash Flows From Operating Activities			
Loss before taxation		(21,486,965)	(594,922)
Adjustments for:			
Depreciation expense	12	10,936	-
Interest expense	21	28,013	-
Interest income	18	(1,954)	-
Impairment loss on investment in subsidiary	10	2,721,667	-
Impairment loss on available-for-sale financial assets	11	18,996,692	-
Cash flows before changes in working capital		<u>268,389</u>	<u>(594,922)</u>
Working capital changes, excluding changes relating to cash:			
Trade receivables		(186,778)	-
Other receivables and prepayments		81,804	(169,067)
Trade payables		306,274	-
Other payables		223,406	251,566
Cash generated from (used in) operations		<u>693,095</u>	<u>(512,423)</u>
Interest received		1,954	-
Interest paid		(28,013)	-
Net cash from (used in) operating activities		<u>667,036</u>	<u>(512,423)</u>
Cash Flows Used In Investing Activities			
Purchase of plant and equipment	12	(41,094)	-
Purchase of available-for-sale financial assets	11	-	(40,924,270)
Payments toward construction of vessels		(268,199)	(61,523,160)
Investment in subsidiary company	10	(3,599,409)	-
Net cash used in investing activities		<u>(3,908,702)</u>	<u>(102,447,430)</u>
Cash Flow From Financing Activities			
Issue of share capital	16	3,000,000	70,776,105
Amounts owing to holding company		-	(157,190)
Advance from holding company*	15	-	35,390,250
Net cash from financing activities		<u>3,000,000</u>	<u>106,009,165</u>
Net (decrease) increase in cash and cash equivalents		<u>(241,666)</u>	<u>3,049,312</u>
Cash and cash equivalents at the beginning of the year		<u>4,049,305</u>	<u>999,993</u>
Cash and cash equivalents at the end of the year	6	<u>3,807,639</u>	<u>4,049,305</u>

* During the year the company converted advance from holding company of US\$35,390,250 (2009 : US\$Nil) into equity.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

TRUST ENERGY RESOURCES PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010**

1. GENERAL INFORMATION

TRUST ENERGY RESOURCES PTE. LTD. (Company Registration No: 200802690C) is domiciled in Singapore. The company's principal place of business is at 5 Shenton Way, #14-09 UIC Building, Singapore 068808.

The principal activities of the company are those of providing shipping, coal handling, and cargo services, investment holding, and trading in energy related commodities.

The financial statements of the company as at 31 March 2010 and for the financial year ended 31 March 2010 were authorised and approved by the board of directors for issuance on 30 June 2010.

Consolidated financial statements have not been prepared as the company itself is a wholly-owned subsidiary of Tata Power Company Ltd, which prepares consolidated financial statements. Such financial statements are publicly available. The registered office of Tata Power Company Ltd is located at Bombay House, 24, Homi Mody Street, Mumbai 400001, India.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements expressed in United States dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies.

In the current financial period, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from annual periods beginning on or after 1 April 2009.

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

TRUST ENERGY RESOURCES PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

a) Basis of preparation (...cont'd)

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. Additional disclosures on fair value measurements for financial instruments are in Note 4. The disclosures made by entity in respect of liquidity risks have not changed.

At the date of authorisation of these financial statements, the company has not applied those FRS and INT FRS that have been issued but not yet effective in the financial year. The company expects the adoption of the standards will have no financial effect on their financial statements in the period of initial application.

b) Investment in Subsidiary

In the company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

c) Financial Instruments

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

TRUST ENERGY RESOURCES PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

d) Effective interest method

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

Financial assets

e) Cash and cash equivalents

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

f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at original effective interest rate. The amount of the allowance is recognised in the income statement.

g) Available-for-sale financial assets

Certain quoted shares held by the company are classified as being available for sale and are stated at fair value. Unquoted shares classified as available for sale are stated at cost. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is

TRUST ENERGY RESOURCES PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

established. The fair value of available-for-sale assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

h) Impairment of financial assets

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

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

i) 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

j) 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.

TRUST ENERGY RESOURCES PTE. LTD.
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

k) 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.

l) Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis, except for short-term payables when recognition of interest would be immaterial.

m) Derecognition of financial liabilities

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

n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

o) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation where the recoverable amount of the asset is estimated to be lower than the carrying amount.

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

Asset Category	Economic Useful Life
Leasehold improvements	3 years
IT & Electronic Devices (or "Tools and Equipments")	3 years
Furniture and Fixtures	3 years

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

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

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

p) Construction in progress

Construction in progress is stated at cost. Expenditure directly relating to the construction of a vessel is capitalised when incurred up to the completion of construction. No depreciation is provided on construction in progress.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

q) Impairment of assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible 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 cost 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 in profit or loss.

r) 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

s) Share capital

Ordinary shares issued by the company are classified as equity and recorded at the proceeds received, net of direct issue costs.

t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services rendered in the normal course of business, net of discounts and sales related taxes.

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.

Commission income

Commission income is recognised when services are rendered.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

t) Revenue recognition (...Cont'd)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future receipts through the expected life of the financial asset to that asset's net carrying amount.

u) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an 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.

v) Income tax

Income tax expense is calculated on the basis of tax effect accounting, using the liability method and is applied to all significant temporary differences.

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous period.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

w) Foreign currency transactions and translations

The financial statements of the company are presented in the currency of the primary economic environment in which the company operates (its functional currency). The financial statements of the company are presented in United States dollars, which is the functional currency and the presentation currency of the company.

In preparing the financial statements of the company, 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 on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit or loss for the period.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF
ESTIMATION UNCERTAINTY**

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

In the application of the company's accounting policies, which are described in Note 2, the directors are 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.

The following is the critical judgement that management has made in the process of applying the company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

Impairment of investment in Available-for-sale financial assets:

Note 2 to the financial statements describe that impairment of investments in Available-for-sale financial assets requires management to exercise judgement as to whether a significant or prolonged decline in fair value below the cost has occurred. Details of the Investment in Available-for-sale financial assets of the company are disclosed in Note 11 to the financial statements.

For the quoted equity shares, the management has considered the decline in the fair value of the investment as compared to the original cost of investment and the related trends and has accordingly made the judgement to impair the investment.

For the unquoted equity shares, the management has considered the market available information from recent independent transactions and has accordingly made the judgement not to impair the investment.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (...CONT'D)

b) Key sources of estimation uncertainty

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

Impairment of investment in subsidiary:

Determining whether investment in subsidiary is impaired requires an estimation of the recoverable amount of the investments. The recoverable amount requires the company to estimate the fair value less cost to sell and future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of this investment based on its best estimate of its fair value less cost to sell as the subsidiary is dormant and management estimates that the net assets appropriately represents the fair value less cost to sell for the subsidiary. The carrying amount of investment in subsidiary is disclosed in Note 10 to the financial statements.

4. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a) Categories of financial instruments

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

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Financial Assets		
Cash and bank balances	3,807,639	4,049,305
Loan and receivables	297,338	192,364
Available-for-sale financial assets	<u>21,927,578</u>	<u>29,286,280</u>
Financial Liabilities		
Amortised cost	<u>823,717</u>	<u>35,684,287</u>

b) Financial risk management policies and objectives:

i) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company sells mainly to related companies and reputable companies. All customers of the

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

4. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (...CONT'D)

iv) Foreign currency sensitivity

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 relevant foreign currency weakens by 10% against the functional currency of the company, the loss will (increase)/decrease by:

	Singapore		Australian		Indonesian	
	<u>dollars impact</u>	<u>2010</u>	<u>2009</u>	<u>dollar impact</u>	<u>2010</u>	<u>2009</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit or loss	<u>3</u>	<u>1</u>	<u>(3)</u>	<u>14</u>	<u>(13)</u>	<u>-</u>

The impact would be vice versa if the relevant foreign currency strengthens by 10% against the functional currency of the company.

v) Capital risk management policies and objective

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 of issued capital, accumulated losses and investment revaluation reserve. During the year, the share capital of the company had increased (Note 16). The company's overall strategy remains unchanged from 2009.

vi) Liquidity risk

The company has sufficient funds to finance its working capital. During 2009, the holding company converted US\$35,390,250 of advances to equity of the company.

Further details of the financial assets and liabilities can be found in respective disclosure notes.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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vii) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade receivables and payables and other receivables and payables, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The company fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value measurement for quoted Available for Sale Investments is classified under Level 1.

The fair value measurement for unquoted Available for Sale Investments is classified under Level 3 and there is no movement in the carrying amount during the year.

Equity price risk management

The company is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The company does not actively trade available-for-sale investments. Further details of these equity investments can be found in Note 11 to the financial statements.

Equity price sensitivity

The sensitivity analyses have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for sale equity investments, if the equity price increases by 10% the investment revaluation reserve would increase by approximately US\$1.6 million (2009 : US\$ 2.4 million) with the opposite impact if the price reduces by 10%.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

Compensation of directors and key management personnel

The remuneration of directors during the year was as follow:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Short-term benefits	157,385	122,133
Post-employment benefits	<u>10,426</u>	<u>-</u>
	<u>167,811</u>	<u>122,133</u>

6. CASH AND CASH EQUIVALENTS

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Cash in hand	918	489
Cash at bank	<u>3,806,721</u>	<u>4,048,816</u>
	<u>3,807,639</u>	<u>4,049,305</u>

The carrying amounts of cash and cash equivalents approximate their fair values and balances not denominated in the functional currency of the company are:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Australian dollars	26,161	7,008
Singapore dollars	99,825	101,297
Indonesian Rupiah	<u>468,807</u>	<u>-</u>

The company has executed a Deed of Charge with the Singapore Branch of the Austrian Bank- Raiffeisen Zentralbank Oesterreich AG to cover the bank's right, title, benefit, and interest in the goods financed.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

7. TRADE RECEIVABLES

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		US\$	US\$
Related company	5	61,203	-
Outside parties		<u>125,575</u>	<u>-</u>
		<u>186,778</u>	<u>-</u>

The carrying amount of trade receivables approximates its fair values and is denominated in United States dollars.

The company makes specific allowances for receivables based on management assessment that majority receivables that are past due beyond 120 days are generally not recoverable.

Before accepting any new customer, the company will assess the potential customer's credit quality. Limits are monitored periodically by management. At the end of the reporting period, the company's trade receivables were due from 2 major customers who are based in Indonesia and India.

In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no provision required.

8. OTHER RECEIVABLES AND PREPAYMENTS

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		US\$	US\$
Advance for services		-	148,988
Deposits		35,713	23,430
Related companies	5	65,301	19,946
Others		<u>9,546</u>	<u>-</u>
		<u>110,560</u>	<u>192,364</u>

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The carrying amounts of other receivable approximate their fair values and balances not denominated in the functional currency of the company are:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Singapore dollars	<u>50,560</u>	<u>23,430</u>

The company's other receivables and prepayment due from, related companies and other vendors are non-trade in nature, unsecured, interest-free and are repayable within the next twelve months.

9. CONSTRUCTION IN PROGRESS

Construction in progress represents the direct and related costs incurred towards construction of vessels. The construction of vessels is expected to be completed in the first half of year 2011. The total expected costs of the project are estimated to be approximately US\$186 million.

10. INVESTMENT IN SUBSIDIARY

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Quoted equity investment – at cost	3,599,409	-
Less: Impairment loss on investment in subsidiary	<u>(2,721,667)</u>	-
	<u>877,742</u>	<u>-</u>

Quoted investment represents investment during the year in share capital in PT Itamaraya Tbk (ITMA), a company listed in Indonesia.

The company owns a total of 32,281,900 common shares representing 94.95% of the paid up equity shares of ITMA as on 31 March 2010. Since, the company is a majority shareholder; it has the power to appoint the President Director, the Directors, President Commissioner, the Commissioners, and the Independent Commissioner. As a result, ITMA is controlled by the company and its accounts are consolidated in the Ultimate holding company's financial statements.

Impairment has been determined based on management's best estimate of the recoverable amount.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Quoted equity investment – at cost	35,751,870	35,751,870
Unquoted equity investments – at cost	<u>5,172,400</u>	<u>5,172,400</u>
	40,924,270	40,924,270
Less: Impairment/Fair value loss on available-for-sale financial assets	<u>(18,996,692)</u>	<u>(11,637,990)</u>
	<u><u>21,927,578</u></u>	<u><u>29,286,280</u></u>

Quoted investment represent investment of share capital in Geodynamics Ltd, a company listed in Australia and Unquoted investment represent investment of share capital in Exergen Pty Ltd, a company incorporated in Australia.

The investments above include investments in quoted equity securities that offer the company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

The investments in unquoted equity investments represent investments in companies that are engaged in research and development activities and/or the commercial application of this knowledge. The recoverability of these investments is uncertain and dependent on the outcome of these activities, which cannot presently be determined.

The assessment of impairment of unquoted equity shares classified as available-for-sale is estimated using prices of recent independent investments.

In 2010, the investment in quoted equity shares at fair value include an impairment loss of US\$18.9 million (2009 : US\$Nil) that was reclassified from other comprehensive income (Note 25) to profit or loss. In 2009, an amount of US\$11.6 million in fair value loss was recorded in other comprehensive income.

The carrying amounts of quoted available for sale financial assets approximate their fair values. The fair value of unquoted available for sale financial assets cannot be reliably measured. The above available for sale financial assets are denominated in Australian dollars.

The company has committed to investment of further Australian dollars 4.5 million in Exergen Pty Limited.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold Improvements</u> US\$	<u>Furniture and Fixture</u> US\$	<u>Tools and equipment</u> US\$	<u>Total</u> US\$
Cost:				
As at 1 April 2008	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2009	-	-	-	-
As at 1 April 2009				
Additions	25,034	9,922	6,138	41,094
Disposals	-	-	-	-
As at 31 March 2010	25,034	9,922	6,138	41,094
Accumulated Depreciation:				
As at 1 April 2008	-	-	-	-
Depreciation for the year	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2009	-	-	-	-
As at 1 April 2009				
Depreciation for the year	6,944	2,716	1,276	10,936
Disposals	-	-	-	-
As at 31 March 2010	6,944	2,716	1,276	10,936
Carrying amount:				
At at 31 March 2010	<u>18,090</u>	<u>7,206</u>	<u>4,862</u>	<u>30,158</u>
As at 31 March 2009	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

13. TRADE PAYABLES

	<u>Note</u>	<u>2010</u> US\$	<u>2009</u> US\$
Related Company	5	25,069	-
Outside parties		281,205	-
		306,274	-

The carrying amounts of other payables approximate their fair values and are denominated in United States dollars.

The average credit period on purchases of goods is 5 days (2009 : Nil days). No interest is charged on trade payables.

14. OTHER PAYABLES

	<u>Note</u>	<u>2010</u> US\$	<u>2009</u> US\$
Other creditors		335,680	154,745
Accrued expenses		179,777	99,357
Holding company	5	1,986	39,935
		517,443	294,037

The carrying amounts of other payables approximate their fair values and balances not denominated in the functional currency of the company are:

	<u>2010</u> US\$	<u>2009</u> US\$
Australian dollars	-	154,745
Singapore dollars	179,777	99,357
Indonesian dollars	335,680	-

The company's other payables are non-trade in nature, unsecured, interest-free and are repayable with the next twelve months.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

15. ADVANCE FROM HOLDING COMPANY

The total of US\$35,390,250 advance from holding company has been converted into equity on 8 July 2009.

16. SHARE CAPITAL

	<u>2010</u>	<u>2009</u>
Number of ordinary shares		
<u>Issued and fully paid:</u>		
At the beginning if year	71,776,106	1,000,001
Issued during the year	38,390,250	70,776,105
At the end of year	<u>110,166,356</u>	<u>71,776,106</u>
<u>Issued and fully paid:</u>		
At the beginning if year	<u>2010</u>	<u>2009</u>
Issued during the year	US\$	US\$
At the end of year	71,776,106	1,000,001
	<u>38,390,250</u>	<u>70,776,105</u>
	<u>110,166,356</u>	<u>71,776,106</u>

All issued ordinary shares are fully paid and have no par value.

During the financial year, the company increased its paid up share capital by way of a further allotment of 38,390,250 (2009 : 70,776,105) ordinary shares for a total consideration of US\$ 38,390,250 (2009 : US\$70,776,105), inclusive of conversion of advance from holding company as disclosed in Note 15, to provide funding for its investment and constructions in progress.

The holder of ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
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17. REVENUE

This represents sales of goods at invoiced value net of goods and services tax.

18. OTHER OPERATING INCOME

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Job credit	14,862	3,255
Management fees	-	102,491
Commission Income	1,045,039	-
Interest Income	1,954	-
Others	24,901	-
	<u>1,086,756</u>	<u>105,746</u>

19. OPERATING EXPENSES

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Commission expenses	78,185	-
Management fees	216,798	208,337
Professional fees	283,788	883,157
Rental expenses	85,943	83,289
Others	230,668	150,074
	<u>895,382</u>	<u>1,324,857</u>

20. FINANCE COSTS

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Interest expense to non-related companies: Bank facility	<u>28,013</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

21. LOSS BEFORE INCOME TAX

Loss before taxation is arrived after charging:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Directors' salaries and bonuses	157,385	114,867
Directors' CPF	10,426	7,266
Staff CPF	21,560	19,547
Impairment loss on investment in subsidiary	2,721,667	-
Impairment loss on available-for sale financial assets	<u>18,996,692</u>	<u>-</u>

22. INCOME TAX EXPENSE

Current period provision

	<u>2010</u>	<u>2009</u>
	US\$	US\$
	<u>-</u>	<u>-</u>

The income tax varied from the amounts of income tax benefit determined by applying the applicable Singapore statutory income tax rate of 17% (2009 : 17%) to the loss before income tax as a result of the following differences:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Loss before income tax	(21,486,965)	(594,922)
Tax credit at the statutory rate	(3,652,784)	(101,137)
Non deductible items	3,692,121	-
Deferred tax assets related to unabsorbed losses (utilised) not recognised	<u>(39,337)</u>	<u>101,137</u>
	<u>-</u>	<u>-</u>

The company has tax losses carry forward available for offsetting against future taxable income as follows:

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Balance at beginning of the year	594,922	-
Arising during the year	-	594,922
Utilised during the year	<u>(231,394)</u>	<u>-</u>
Balance at end of the year	<u>363,528</u>	<u>594,922</u>

Deferred tax benefits on above unrecorded at 17%
(2009 : 17%)

	<u>61,800</u>	<u>101,137</u>
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TRUST ENERGY RESOURCES PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

No provision for tax has been made in view of the loss for the financial year. The company has unabsorbed tax losses which available for offsetting against future taxable income of the company subject to there being no substantial change in the shareholders of the company and their shareholding within the meaning of the Section 37 and Section 23 of the Singapore Income Tax Act and agreement by the Inland Revenue Authority of Singapore.

Due to uncertainty, future tax benefits arising from tax losses have not been recognised.

23. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Other comprehensive income:		
Available-for-sale financial assets		
- Loss arising during the year	(7,358,702)	(11,637,990)
- Reclassification adjustment for impairment included in profit or loss	<u>18,996,692</u>	-
Other comprehensive income for the year	<u>11,637,990</u>	<u>(11,637,990)</u>

24. OPERATING LEASE ARRANGEMENTS

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Minimum lease payments under operating leases recognised as an expense in the year	<u>85,943</u>	<u>83,289</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2010 (...CONT'D)**

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

	<u>2010</u>	<u>2009</u>
	US\$	US\$
Within one year	88,043	20,804
In the second to fifth years inclusive	<u>110,053</u>	<u>-</u>

Operating lease payments represent rentals payable by the company for its office properties. Leases are negotiated for an average term of 3 years (2009 : 2 years) and rentals are fixed for an average if 3 years (2009 : 2 years).

TRUST ENERGY RESOURCES PTE LTD
 INCOME STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31 March 2010		Exchange Rate		Amount	Year ended 31 March 2009		Exchange Rate		Amount
	March 2010	Rate	March 2009	Rate		March 2009	Rate			
REVENUE										
Sale of goods	24,496,151	47.42	1,161,607,480	45.91	306,802,206	6,682,688	45.91	306,802,206		
Other income	1,086,756	47.42	51,533,970	45.91	4,854,799	105,746	45.91	4,854,799		
Exchange gain	34,160	47.42	1,619,867	45.91	7,981,821	173,858	45.91	7,981,821		
Total Revenue	25,617,067		1,214,761,317		319,638,826	6,962,292		319,638,826		
COST AND EXPENSES										
Purchase consumed	23,956,758	47.42	1,136,029,464	45.91	264,257,317	5,755,966	45.91	264,257,317		
Staff and related costs	494,584	47.42	23,453,173	45.91	476,371	476,371	45.91	21,870,193		
Operating expenses	895,382	47.42	42,459,014	45.91	60,824,185	1,324,857	45.91	60,824,185		
Impairment loss on available-for-sale financial assets	18,996,692	47.42	900,823,135							
Impairment loss on investment in subsidiary	2,721,667	47.42	129,061,449							
Depreciation expenses	10,936	47.42	518,585							
Finance costs	28,013	47.42	1,328,376							
Total costs and expenses	47,104,032		2,233,673,197		346,951,695	7,557,214		346,951,695		
Loss before tax	(21,486,965)		(1,018,911,880)	45.91	(27,312,869)	(594,922)	45.91	(27,312,869)		
Taxation										
Loss for the year / period	(21,486,965)		(1,018,911,880)		(27,312,869)	(594,922)		(27,312,869)		
Other comprehensive income:										
Fair value loss on available-for-sale financial assets transferred to loss for the year	11,637,990	47.42	551,873,486	(11,637,990)	45.91	(534,300,121)				
Fair value loss on available-for-sale financial assets										
Other comprehensive income for the year	11,637,990		551,873,486		(534,300,121)					
Total comprehensive income for the year	(9,848,975)		(467,038,395)		(561,612,990)	(12,292,912)		(561,612,990)		

TRUST ENERGY RESOURCES PTE LTD
BALANCE SHEET AT 31 MARCH 2010

	31.03.2010		Exchange		31.03.2009		Exchange	
	USD	Rate	Rs	Rate	USD	Rate	Rs	Rate
ASSETS								
NON CURRENT ASSETS								
Construction in progress	61,791,359		2,790,497,772		61,523,160		3,137,681,160	
Available-for-sale financial assets	21,927,578	45.16	990,249,422	51.00	29,286,280	51.00	1,493,600,280	
Investment in subsidiary	877,742	45.16	39,638,829					
Property, plant and equipment	30,158	45.16	1,361,935					
	<u>84,626,837</u>		<u>3,821,747,959</u>		<u>90,809,440</u>		<u>4,631,281,440</u>	
CURRENT ASSETS								
Cash and cash equivalents	3,807,639	45.16	171,952,977		4,049,305	51.00	206,514,555	
Other receivables and prepayments	110,560	45.16	4,992,890		192,364	51.00	9,810,564	
Trade receivables	186,778	45.16	8,434,894					
Exchange fluctuation reserve	4,104,977		222,183,598		4,241,669		(411,863,446)	(195,538,327)
CURRENT LIABILITIES								
Trade payables	306,274	45.16	13,831,334		294,037	51.00	14,995,887	
Other payables	517,443	45.16	23,367,726		35,390,250	51.00	1,804,922,750	
Advance from holding company	823,717		37,199,060		35,664,287		1,879,896,637	
NET CURRENT (LIABILITIES) / ASSETS	3,281,260		184,984,539		(31,442,618)		(2,015,436,964)	
NET ASSETS	<u>87,908,097</u>		<u>4,006,732,498</u>		<u>59,366,822</u>		<u>2,615,844,476</u>	
SHAREHOLDERS' EQUITY								
Share capital	110,166,356		5,059,999,781		71,776,106		3,194,500,000	
Reserves	(22,258,259)		(1,053,287,283)		(771,294)		(34,355,403)	
Investment revaluation reserve			4,006,732,498		(11,637,990)		(534,300,121)	
TOTAL EQUITY	<u>87,908,097</u>		<u>4,006,732,498</u>		<u>59,366,822</u>		<u>2,615,844,476</u>	

TRUST ENERGY RESOURCES PTE LTD
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2010

	31.03.2010			31.03.2009				
	Note	USD	Exchange Rate	USD	Exchange Rate	Amount		
Cash flows from operating activities								
Loss before tax		(21,486,965)	47.42	(1,018,911,880)		(594,922)	45.91	(27,312,869)
Adjustment for:								
Depreciation expense		10,936	47.42	518,585				
Interest expense		28,013	47.42	1,328,378				
Interest income		(1,954)	47.42	(92,659)				
Impairment loss on available-for-sale financial assets		18,996,892	47.42	900,823,135				
Impairment loss on investment in subsidiary		2,721,687	47.42	129,061,449				
Cash flows before changes in working capital		268,389	47.42	12,727,006		(594,922)		(27,312,869)
Working capital changes, excluding changes relating to cash:								
Trade receivables		(186,778)	47.42	(8,857,013)				
Other receivables and prepayments		81,804	47.42	3,879,146		(169,067)	45.91	(7,761,866)
Trade payables		306,274	47.42	14,523,513				
Other payables		223,406	47.42	10,593,913		251,566	45.91	11,549,395
Cash generated from (used in) operations		663,095	47.42	32,866,565		(512,423)		(23,525,340)
Interest received		1,954	47.42	92,659				
Interest paid		(28,013)	47.42	(1,328,378)				
Net Cash from(used in) operating activities		667,036	47.42	31,630,847		(512,423)		(23,525,340)
Cash flows from investing activities								
Purchase of plant and equipment		(41,084)	47.42	(1,948,677)				
Acquisition of available-for-sale financial assets		(268,199)	47.42	(12,717,997)		(40,924,270)	45.91	(1,878,833,236)
Payment toward construction of vessels		(3,589,409)	47.42	(170,683,975)		(61,523,180)	45.91	(2,824,528,276)
Purchase of subsidiary company		(3,908,702)		(185,350,649)		(102,447,430)		(4,703,361,511)
Net Cash absorbed by investing activities								
Cash flows from financing activities								
Proceeds from issue of shares		3,000,000	47.42	142,260,000		70,776,105	45.91	3,249,330,981
Amount owing to holding company						(157,180)	45.91	(7,216,593)
Advance from holding company						35,390,250	45.91	1,624,766,378
Exchange fluctuation								26,590,921
Net cash generated from financing activities		3,000,000		119,158,223		106,009,165		4,893,471,666
Net increase / (decrease) in cash at bank								
Cash and cash equivalents:								
At the beginning of the year / period		4,049,305		206,514,555		989,993		39,929,720
At the end of the year / period		<u>3,807,639</u>		<u>171,952,977</u>		<u>4,049,305</u>		<u>206,514,555</u>