

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

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2016

TRUST ENERGY RESOURCES PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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TRUST ENERGY RESOURCES PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the company for the financial year ended March 31, 2016.

In the opinion of the directors, the accompanying financial statements as set out on pages 5 to 45 are drawn up so as to give a true and fair view of the financial position of the company as at March 31, 2016 and the financial performance, changes in equity and cash flows of the company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Kottamasu Venkateswara Rao
Anand Agarwal (Appointed on June 14, 2016)

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act.

TRUST ENERGY RESOURCES PTE. LTD.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

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

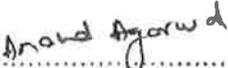
(c) Unissued shares under option

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

5 AUDITORS

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

ON BEHALF OF THE DIRECTORS


.....
Anand Agarwal


.....
Kottamasu Venkateswara Rao

June 22, 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRUST ENERGY RESOURCES PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Trust Energy Resources Pte. Ltd. (the "Company") which comprise the statement of financial position of the Company as at March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 45.

Management's Responsibility for the Financial Statements

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

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TRUST ENERGY RESOURCES PTE. LTD.**

Opinion

In our opinion, the accompanying financial statements of the Company 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 financial position of the Company as at March 31, 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 8 to the financial statements which describes the uncertainty related to the recoverability of the outstanding receivables that is dependent on the outcome of the sale of the 30% equity interest in PT Arutmin by its ultimate holding company, The Tata Power Company Limited. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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



Public Accountants and
Chartered Accountants
Singapore

June 22, 2016

TRUST ENERGY RESOURCES PTE. LTD.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	7	7,801,006	5,377,680
Trade receivables	8	37,237,230	29,698,903
Other receivables and prepayments	9	<u>31,952,893</u>	<u>33,052,746</u>
		76,991,129	68,129,329
Non-current assets held for sale	10	-	789,065
Total current assets		<u>76,991,129</u>	<u>68,918,394</u>
Non-current assets			
Investment in subsidiary	11	-	-
Investments in joint venture	12	789,065	-
Restricted cash	7	-	2,005,750
Property, plant and equipment	13	152,273,046	159,089,352
Prepayment for vessel	14	<u>27,481,380</u>	<u>15,937,988</u>
Total non-current assets		<u>180,543,491</u>	<u>177,033,090</u>
TOTAL ASSETS		<u>257,534,620</u>	<u>245,951,484</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables	15	895,288	649,974
Other payables	16	7,927,727	8,517,847
Current portion of bank loans	17	8,814,005	23,829,723
Income tax payable		<u>739,823</u>	<u>86,647</u>
Total current liabilities		<u>18,376,843</u>	<u>33,084,191</u>
Non-current liabilities			
Derivative financial instruments	17	1,990,032	2,850,657
Non-current portion of bank loans	17	<u>92,387,872</u>	<u>76,396,665</u>
Total non-current liabilities		<u>94,377,904</u>	<u>79,247,322</u>
Capital and reserves			
Share capital	18	129,153,344	129,153,344
Accumulated profits		<u>15,626,529</u>	<u>4,466,627</u>
Net equity		<u>144,779,873</u>	<u>133,619,971</u>
TOTAL LIABILITIES AND EQUITY		<u>257,534,620</u>	<u>245,951,484</u>

See accompany notes to financial statements

TRUST ENERGY RESOURCES PTE. LTD.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Continuing operations			
Income from sale of goods		-	2,852,799
Freight income		16,184,981	15,328,772
Other vessels operating income		24,777,398	27,044,458
Other operating income	19	6,848,705	2,467,305
Exchange gain		2,837	4,179
Purchases		-	(2,793,461)
Freight expenses		(15,746,836)	(14,977,535)
Vessel running costs		(4,160,643)	(4,204,264)
Staff and related costs		(1,780,791)	(2,152,127)
Operating expenses	20	(676,549)	(1,108,006)
Depreciation expenses	13	(8,706,064)	(8,425,170)
Finance costs	21	<u>(4,751,141)</u>	<u>(5,006,512)</u>
Profit before income tax	22	11,991,897	9,030,438
Income tax expense	23	<u>(831,995)</u>	<u>(6,359)</u>
Profit for the year from continuing operations		11,159,902	9,024,079
Discontinued operations			
Loss for the year from discontinued operations		<u>-</u>	<u>(37,258)</u>
Total profit for the year, representing total comprehensive income for the year		<u>11,159,902</u>	<u>8,986,821</u>

See accompany notes to financial statements.

TRUST ENERGY RESOURCES PTE. LTD.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Share capital</u> US\$	<u>Accumulated (losses)/profits</u> US\$	<u>Total</u> US\$
Balance as at April 1, 2014	129,153,344	(4,520,194)	124,633,150
Profit for the year, representing total comprehensive income for the year	<u>-</u>	<u>8,986,821</u>	<u>8,986,821</u>
Balance as at March 31, 2015	129,153,344	4,466,627	133,619,971
Profit for the year, representing total comprehensive income for the year	<u>-</u>	<u>11,159,902</u>	<u>11,159,902</u>
Balance as at March 31, 2016	<u>129,153,344</u>	<u>15,626,529</u>	<u>144,779,873</u>

See accompany notes to financial statements.

TRUST ENERGY RESOURCES PTE. LTD.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Operating activities			
Profit before tax:			
Discontinued operations		-	(37,258)
Continuing operations		<u>11,991,897</u>	<u>9,030,438</u>
		11,991,897	8,993,180
Adjustments for:			
Depreciation expense	13	8,706,064	8,425,170
Interest expense	21	5,611,766	5,665,419
Interest income	19	(401,680)	(385,726)
Fair value gain on interest cap	21	<u>(860,625)</u>	<u>(630,656)</u>
Cash flows before changes in working capital		25,047,422	22,067,387
Trade receivables		(7,160,287)	(1,777,077)
Other receivables and prepayments		1,084,626	(1,691,934)
Trade payables		245,314	315,787
Other payables		<u>(3,531,229)</u>	<u>149,415</u>
Cash generated from operations		15,685,846	19,063,578
Interest received		22,977	307,755
Interest paid		(3,667,265)	(5,434,822)
Income taxes paid		<u>(178,819)</u>	<u>(1,324,791)</u>
Net cash from operating activities		<u>11,862,739</u>	<u>12,611,720</u>
Investing activities			
Purchase of property, plant and equipment	13	(90,101)	(70,599)
Payment towards dry docking	13	(1,799,657)	-
Payment towards construction of vessels	14	<u>(10,415,000)</u>	<u>(15,622,500)</u>
Net cash used in investing activities		<u>(12,304,758)</u>	<u>(15,693,099)</u>
Financing activities			
Proceeds from borrowings from bank		21,037,500	16,980,124
Repayment of borrowings from bank		(20,177,905)	(22,071,490)
Withdrawal of term deposit	7	<u>2,005,750</u>	-
Net cash from (used in) financing activities		<u>2,865,345</u>	<u>(5,091,366)</u>
Net increase (decrease) in cash and cash equivalents		2,423,326	(8,172,745)
Cash and cash equivalents at the beginning of the year		<u>5,377,680</u>	<u>13,550,425</u>
Cash and cash equivalents at the end of the year	7	<u>7,801,006</u>	<u>5,377,680</u>

See accompany notes to financial statements

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

1. GENERAL INFORMATION

The Company (Registration No: 200802690C) is incorporated in Singapore with its principal place of business and registered office at 143 Cecil Street, #25-01, GB Building, Singapore 069542. The financial statements are expressed in United States dollars.

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 for the financial year ended March 31, 2016 were authorised for issue by the board of directors on June 22, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2015, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

- FRS 109 *Financial Instruments*²
- FRS 115 *Revenue from Contracts with Customers*²
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from contract with Customers*²
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*¹
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*³
- Improvements to Financial Reporting Standards (November 2014)¹

¹ Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

³ Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Management anticipates that the adoption of the new/revised FRSs, INT FRSs and amendments to FRS that are issued as at the date of authorisation of these issued financial statements but effective only in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

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

Key requirements of FRS 109:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the company in the period of application.

FRS 115 Revenue from Contracts with Customers

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

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

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

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Company in the period of application.

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate the changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

Management is currently evaluating the potential impact of the amendments to FRS 7 on the financial statements of the Company in the period of application.

CONSOLIDATION - Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of the ultimate holding company, The Tata Power Company Ltd, incorporated in India, who prepares consolidated financial statements. Such financial statements are publicly available. The registered office of The Tata Power Company Ltd is located at Bombay House, 24, HomiMody Street, Mumbai 400001, India.

Investments in subsidiary and joint venture is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

INTERESTS IN JOINT VENTURE - A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where the Company undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the Company and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

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

Effective interest method

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

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified as "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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 method, with interest expense recognised on an effective yield basis, except for short-term payables when recognition of interest would be immaterial.

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

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

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

Derivative financial instruments and hedge accounting

The Company enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate cap contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Asset Category	Economic Useful Life
Leasehold improvements	3 years
Furniture and Fixtures	3 years
IT & Electronic Devices (or "Tools and Equipment")	3 years
Vessels	20 years
Dry-docking	5 years

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

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

The gain or loss arising on disposal or retirement of an item of 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.

IMPAIRMENT OF TANGIBLE 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.

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided 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.

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Vessel operating income

Vessel operating income (consisting of hire income from time charter, freight income from voyage charter and compensation) is recognised on an accrual basis.

Compensation relates to reimbursement of the loss of profit due to the counter-party's non-honouring of the terms of contract of affreightment and is governed by the contract of affreightment. Compensation is recognised on an accrual basis.

Commission income

Commission income is recognised when services are rendered.

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.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and 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 of the Company and the presentation currency for the financial statements.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of 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 profit or loss for the period.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

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.

Allowance for doubtful debts

The policy for allowance for doubtful debts of the Company is based on the evaluation of collectibility of debts, ageing analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer, the extent of credit insurance coverage and on-going dealings with these parties. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amount of trade receivables is disclosed in Note 8 to the financial statements.

Impairment of investment in subsidiary

Determining whether the investment in subsidiary is impaired requires an estimation of the recoverable amount of the investment. 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 its present value. Management has evaluated the recoverability of this investment based on the subsidiary's net assets. This represents management's best estimate of its fair value less cost to sell as the subsidiary is dormant and management estimates that the net assets approximates the fair value less cost to sell for the subsidiary.

The carrying amount of investment in subsidiary is disclosed in Note 11 to the financial statements.

Impairment of vessels

Determining whether vessels are impaired requires an estimation of the vessels' value in use. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the charter of vessels and a suitable discount rate in order to calculate the present value of such cash flows. The carrying amount of vessels at the end of the reporting period was US\$152,189,141 (2015 : US\$159,053,235) (Note 13).

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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

The Company had engaged an independent valuer to carry out the valuation of the vessels. The fair value of the vessels was assessed at US\$164,000,000 (2015 : US\$166,000,000). This valuation was assessed using the discounted cash flow approach based on the expected cash flows including compensation under the 20 year contract of affreightment for the vessels which the Company has entered into with a fellow subsidiary. This valuation has been carried out by applying a weighted average cost of capital of 9% (2015 : 11%) per annum, which is a level 3 input in terms of FRS 113 *Fair Value Measurement*.

Useful lives of property, plant and equipment and residual value

As described in Note 2, the Company reviews the estimated useful lives and the residual value of property, plant and equipment at the end of each annual reporting period.

During the current financial year, the management had engaged an independent valuer to ascertain the residual value of vessels. This estimation was based on the estimated prices of scrap at the end of the useful lives of the vessels discounted to current date and the amount of scrap from the vessels.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

a) Categories of financial instruments

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

	<u>2016</u> US\$	<u>2015</u> US\$
Financial assets		
Cash and cash equivalents	7,801,006	5,377,680
Loan and receivables	68,838,533	62,430,419
Restricted cash	<u>-</u>	<u>2,005,750</u>
Financial liabilities		
Amortised cost	109,857,565	109,000,843
Derivative financial liability at fair value through profit or loss	<u>1,990,032</u>	<u>2,850,657</u>

There are no financial assets and liabilities that are subject to offsetting.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

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

b) Financial risk management policies and objectives

The Company is exposed to various financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

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

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 deals mainly with related companies and reputable companies. All customers of the Company are evaluated by the holding company, who in turn will advise the credit terms to be granted. Where appropriate, letters of credit are requested.

The Company's principal financial assets are cash and cash equivalent, trade and other receivables.

Cash and cash equivalent is deposited with reputed financial institutions.

Significant concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

As at March 31, 2016, the balance due from Tata Power International Pte Limited, PT Arutmin Indonesia and Coastal Gujarat Power Limited represented 95% (2015: 95%) of the Company's trade and other receivables balance.

Further details of credit risks on trade and other receivables is disclosed in Notes 8 and 9 respectively.

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

ii) Interest rate risk management

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the currency reporting period or in future years.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

The Company had entered into a derivative agreement to protect against the effect of volatility in interest rates arising on variable interest rate financial liabilities. The notional amount of the derivative agreement is US\$101,201,877 (2015 : US\$100,226,389). Further details on the derivative agreement are disclosed in Note 17 to the financial statements.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended March 31, 2016 would decrease/increase (2015 : decrease/increase) by US\$377,737 (2015 : US\$426,069). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings and trade financing.

iii) Foreign currency risk management

The Company is exposed to changes in foreign exchange rates primarily with respect to the Singapore dollar, Australian dollar and Indonesian rupiah.

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

	<u>Liabilities</u>		<u>Assets</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	US\$	US\$	US\$	US\$
Singapore dollar	279,473	490,007	766,922	885,708
Australian dollar	-	-	15,765	19,685
Indonesian rupiah	-	-	36,224	38,395
	<u>279,473</u>	<u>490,007</u>	<u>818,911</u>	<u>943,788</u>

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

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 currencies weaken by 10% against the functional currency of the Company, the profit for the year will increase(decrease) by:

	Singapore dollar impact		Australian dollar impact		Indonesian rupiah impact	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Profit for the year	<u>(49)</u>	<u>(40)</u>	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>	<u>(4)</u>

The impact would be vice versa if the relevant foreign currencies strengthen by 10% against the functional currency of the Company.

iv) 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 only of issued capital and accumulated profits. The Company's overall strategy remains unchanged from 2015.

v) Liquidity risk management

The Company has sufficient funds to finance its working capital.

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

Liquidity risk analysis

Non-derivative financial liabilities

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

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
<u>2016</u>						
Non-interest bearing	-	8,655,688	-	-	-	8,655,688
Variable interest rate instruments	1.90	5,309,232	20,352,688	19,962,729	(4,034,601)	40,590,048
	1.93	2,177,410	8,333,703	3,942,658	(1,117,725)	13,336,046
	1.73	2,877,260	11,083,068	15,024,865	(2,746,910)	26,238,283
	2.59	<u>1,146,159</u>	<u>8,760,625</u>	<u>14,468,054</u>	<u>(3,337,338)</u>	<u>21,037,500</u>
		<u>20,165,749</u>	<u>48,530,084</u>	<u>52,398,306</u>	<u>(11,236,574)</u>	<u>109,857,565</u>
<u>2015</u>						
Non-interest bearing	-	8,774,455	-	-	-	8,774,455
Variable interest rate instruments	3.56	15,331,395	57,044,948	33,139,915	(17,269,994)	88,246,264
	1.61	1,980,124	-	-	-	1,980,124
	2.26	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
		<u>36,085,974</u>	<u>57,044,948</u>	<u>33,139,915</u>	<u>(17,269,994)</u>	<u>109,000,843</u>

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

Non-derivative financial assets

The following table details the expected maturity or liquidity of the financial assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the Company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Adjustment US\$	Total US\$
<u>2016</u>						
Non-interest bearing	-	45,484,392	-	-	-	45,484,392
Variable interest rate instruments	2.47	25,654,484	-	-	-	25,654,484
Fixed interest rate instruments	0.51	<u>5,502,398</u>	<u>-</u>	<u>-</u>	<u>(1,735)</u>	<u>5,500,663</u>
		<u>76,641,274</u>	<u>-</u>	<u>-</u>	<u>(1,735)</u>	<u>76,639,539</u>
<u>2015</u>						
Non-interest bearing	-	48,783,944	-	-	-	48,783,944
Variable interest rate instruments	1.98	15,087,064	-	-	(74,525)	15,012,539
Fixed interest rate instruments	0.46	<u>6,028,913</u>	<u>-</u>	<u>-</u>	<u>(11,547)</u>	<u>6,017,366</u>
		<u>69,899,921</u>	<u>-</u>	<u>-</u>	<u>(86,072)</u>	<u>69,813,849</u>

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash outflows on the derivative instrument that settle on a net basis and the undiscounted gross outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Average Effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	After 5 years US\$	Total US\$
<u>2016</u>					
Non-interest bearing	-	<u>-</u>	<u>1,990,032</u>	<u>-</u>	<u>1,990,032</u>
<u>2015</u>					
Non-interest bearing	-	<u>-</u>	<u>2,850,657</u>	<u>-</u>	<u>2,850,657</u>

vi) 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 fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significant 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).

Liabilities measured at fair value

	<u>2016</u> US\$	<u>2015</u> US\$
Level 2	<u>1,990,032</u>	<u>2,850,657</u>

The fair value of Level 2 derivative instruments were estimated based on discounted cash flows. Future cash flows are estimated based on the contracted premium payables and interest rate cap compared to the market interest rates, discounted at a rate that reflects the credit risk of the various counterparties. There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

5. HOLDING COMPANY AND RELATED COMPANIES

The Company is a subsidiary of Khopoli Investments Ltd, incorporated in Mauritius. The ultimate holding company is The Tata Power Company Limited, incorporated in India. The Company is effectively a wholly-owned subsidiary of its ultimate holding company as the ultimate holding company owns 100% equity interest in its other shareholder. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Many of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements.

The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

5. HOLDING COMPANY AND RELATED COMPANIES (cont'd)

Significant intercompany transactions:

	<u>2016</u> US\$	<u>2015</u> US\$
<u>Holding Company</u>		
Sale of goods	-	2,852,799
Financial guarantee expense	<u>(462,270)</u>	<u>(303,694)</u>
<u>Fellow subsidiaries</u>		
Freight income	16,184,981	15,328,772
Compensation income	13,650,762	16,089,956
Interest income	378,040	327,934
Management fee income	1,431,100	1,131,334
Miscellaneous income	<u>16,080</u>	<u>26,279</u>

6. OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	<u>2016</u> US\$	<u>2015</u> US\$
Purchase of goods from associate of holding company	-	(2,793,461)
Marketing commission from joint venture	<u>4,629,678</u>	<u>-</u>

Compensation of directors and key management personnel

The remuneration of directors during the year was as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Short-term benefits	494,576	632,874
Post-employment benefits	<u>11,887</u>	<u>8,960</u>
	<u>506,463</u>	<u>641,834</u>

There are no key management personnel apart from the Company's directors.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

7. CASH AND CASH EQUIVALENTS

	<u>2016</u> US\$	<u>2015</u> US\$
Cash in hand	665	478
Cash at bank	2,269,678	1,375,637
Fixed deposits (including restricted cash)	5,530,663	6,007,315
Less: Restricted cash	<u>-</u>	<u>(2,005,750)</u>
Cash and cash equivalents as shown in statement of cash flows	<u>7,801,006</u>	<u>5,377,680</u>

Fixed deposits comprise principally of interest-bearing time deposits held in banks with maturity dates of more than one day but less than three months. The average interest rate for the time deposits ranges from 0.20% to 0.65% (2015 : 0.05% to 0.44%) per annum.

In 2015, restricted cash represents fixed deposit of US\$2,005,750 pledged with Industrial Credit and Investment Corporation of India (ICICI) Bank and placed on August 25, 2011 for the Company's term loan. The deposit bore an interest rate of 0.5% per annum and matured on September 7, 2015.

In 2016, the Company has refinanced its term loan from ICICI Bank to Standard Chartered Bank (SCB) and Bank of America (BoA), therefore, there is no requirement on restricted cash deposit for the Company.

8. TRADE RECEIVABLES

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Holding company	5	-	126,077
Fellow subsidiary	5	26,745,131	20,430,746
Other related parties	6	10,386,657	8,803,366
Outside parties		<u>105,442</u>	<u>338,714</u>
		<u>37,237,230</u>	<u>29,698,903</u>

The carrying amount of trade receivables approximates its fair values.

The average credit period is 30 days (2015 : 30 days). Interest is charged on the trade receivables at 2.474% per annum (2015 : 1.979% per annum) plus applicable variable interest to the fellow subsidiary on trade receivables for the first 180 days beyond the credit period of 3 days from the date of invoice. The outstanding balance with fellow subsidiary is unsecured. There is no allowance for doubtful debt arising from the outstanding balance.

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 seven (2015 : seven) customers.

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2016

8. TRADE RECEIVABLES (cont'd)

All of the trade receivables which are not past due and not impaired has been assessed by management to be recoverable.

Included in the trade receivables balance is an amount which is past due but not impaired amounting to US\$21,051,979 (2015 : US\$9,310,072) at the end of the reporting period. The Company does not hold any collateral over these balances. The average age of these receivables is between 3 days to 1096 days (2015 : 366 days to 730 days). The Company has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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, management believes that there are no allowances required.

As at March 31, 2016, a related party, PT Arutmin Indonesia ("PT Arutmin") has been unable to make payment for the outstanding amount of \$8,653,366 as they are facing cashflow issues. The ultimate holding company, The Tata Power Company Limited, holds 30% equity interest in PT Arutmin. The ultimate holding company is currently in the midst of negotiating a sale and purchase agreement with a third party in relation to the sale of this 30% equity interest in PT Arutmin. The outstanding receivables due to the Company is expected to be repaid upon the successful completion of the sale of the equity interest by the ultimate holding company. Management expects the full amount to be settled by March 31, 2017. On this basis, management has continued to classify the amount as current and believes that no impairment is required for the amount.

9. OTHER RECEIVABLES AND PREPAYMENTS

	Note	2016 US\$	2015 US\$
Deposits		44,544	61,453
Fellow subsidiaries	5	31,063,278	32,203,006
Prepayments		351,590	321,195
Others		493,481	467,092
		<u>31,952,893</u>	<u>33,052,746</u>

Of the other receivables balance at the end of the year, US\$307,473 (2015 : US\$103,675) is past due but not impaired as there has not been a significant change in the credit quality of these receivables and amounts are still considered recoverable. There is no allowance for doubtful debt arising from the outstanding balance.

In 2013 and 2014, 396,998 common shares representing 5.13% of the paid up equity shares of Exergen Pty Ltd, 274,352 common shares representing 17% of the paid up equity shares of Sunengy Pty Ltd, 29,400,000 common shares representing 7.23% of the paid up equity shares of Geodynamics Ltd and 22,357,876 common shares representing 37.07% of the paid up equity shares of OTP Geothermal Pte Ltd was sold to a related company for its carrying amount of US\$29,950,513. The consideration of US\$29,950,513 (2015 : US\$29,950,513) remained unpaid as at March 31, 2016.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

9. OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The Company's other receivables and prepayments are non-trade in nature, unsecured, and interest-free.

10. NON-CURRENT ASSETS HELD FOR SALE

In 2013, the management resolved to dispose of the Company's investment division to a newly incorporated subsidiary of the holding company. The subsidiary was incorporated by the holding company subsequent to the end of the reporting period. The investments held by the investment division, which were expected to be sold within 12 months, have been classified as non-current assets held for sale and are presented separately in the statement of financial position.

In 2014 and 2015, there are circumstances which are beyond the Company's control which caused the delay in the completion of the disposals. Whilst the Company remains committed to disposing the remaining investments, due to the uncertainty of the resolution of the circumstances, the company has reversed the classification of non-current assets held for sale in 2016.

The assets and liabilities comprising the discontinued operation classified as held for sale are as follows:

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Investment in subsidiary	11	-	-
Investments in joint ventures	12	-	789,065
Total assets classified as held for sale		<u>-</u>	<u>789,065</u>

The results of investment division for the reporting period are as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Other operating income	-	16
Exchange gain	-	-
Other operating expenses	-	(9,023)
Finance costs	-	(28,251)
Loss before tax	-	(37,258)
Income tax benefit (expense)	-	-
Loss for the year	<u>-</u>	<u>(37,258)</u>

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

11. INVESTMENT IN SUBSIDIARY

	<u>2016</u> US\$	<u>2015</u> US\$
Quoted equity investment - at cost	3,586,698	3,586,698
Less: Impairment loss on investment in subsidiary	<u>(3,586,698)</u>	<u>(3,586,698)</u>
	<u>-</u>	<u>-</u>

Quoted investment represents investment in the share capital in PT Sumber Energi Andalan Tbk (SEA) (formerly known as PT Itamaraya Tbk), a company listed in Indonesia.

The Company owns a total of 32,167,900 (2015 : 32,167,900) common shares representing 94.61% (2015 : 94.61%) of the paid up equity shares of SEA as at the end of the period. Since the Company is a majority shareholder, it has the power to appoint the President Director, the Directors, President Commissioner, and the Commissioners. Accordingly, SEA is controlled by the Company and its accounts are consolidated in the holding company's financial statements.

The investment has been fully impaired. The table below depicts the movement in impairment losses:

	<u>2016</u> US\$	<u>2015</u> US\$
Balance at beginning and end of the year	<u>(3,586,698)</u>	<u>(3,586,698)</u>

In March 2013, the Company resolved to sell the investment to a subsidiary of the holding company. Accordingly, the carrying amount of the investment as at March 31, 2015 was classified as "Non-current assets held for sale" in the financial statements.

In 2016, there are circumstances which are beyond the Company's control which caused the delay in the completion of the disposals, thus it was reclassified out of "held for sale" in the financial statements (Note 10).

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

12. INVESTMENTS IN JOINT VENTURES

	<u>2016</u> US\$	<u>2015</u> US\$
Investments in joint ventures - at cost	789,065	789,065
Reclassified as non-current assets held for sale (Note 10)	<u>-</u>	<u>(789,065)</u>
	<u>789,065</u>	<u>-</u>

The Company has the following significant interests in joint ventures:

- a. Interest in 7,500 (2015 : 7,500) common shares representing 30% equity shareholding with equivalent voting power, in PT Kalimantan Prima Power, a joint venture established in Indonesia. Although the Company holds less than 50% of the voting power in PT Kalimantan Prima Power, the Company exercises joint control over the entity by virtual of the provisions of the joint venture agreement entered into with the counterparty joint venturer. The investment amounts to US\$750,000 (2015 : US\$750,000).
- b. Interest in 750 (2015 : 750) common shares representing 3% direct equity shareholding with equivalent voting power, in PT Citra Prima Buana, established in Indonesia. The Company also has an indirect shareholding of 27% in PT Citra Prima Buana via its joint venture PT Kalimantan Prima Power, resulting in a 30% total shareholding interest in PT Citra Prima Buana. Although the Company holds less than 50% of the voting power in PT Citra Prima Buana, the Company exercises joint control over the entity by virtual of the provisions of the joint venture agreement entered into with the counterparty joint venturer. The investment is carried at cost at US\$7,813 (March 31, 2015 : US\$7,813).
- c. Interest in 3,000 (2015 : 3,000) common shares representing 3% direct equity shareholding with equivalent voting power, in PT Guruh Agung, established in Indonesia. The Company also has an indirect shareholding of 27% in PT Guruh Agung via its joint venture PT Kalimantan Prima Power, resulting in a 30% total shareholding interest in PT Guruh Agung, an associate. Although the Company holds less than 50% of the voting power in PT Guruh Agung, the Company exercises joint control over the entity by virtual of the provisions of the joint venture agreement entered into with the counterparty joint venturer. The investment is carried at cost at US\$31,252 (March 31, 2015 : US\$31,252).

In 2013, the Company resolved to sell the investments to a subsidiary of the holding company. Accordingly, the carrying amounts of the investment as at March 31, 2015 was classified as “Non-current assets held for sale” in the financial statements.

In 2016, there are circumstances which are beyond the Company’s control which caused the delay in the completion of the disposals, thus it was reclassified out of “held for sale” in the financial statements (Note 10).

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> US\$	<u>Furniture and fixtures</u> US\$	<u>Tools and equipment</u> US\$	<u>Vessels⁽¹⁾</u> US\$	<u>Dry docking</u> US\$	<u>Total</u> US\$
Cost:						
As at April 1, 2014	28,839	6,783	51,814	188,901,676	2,232,538	191,221,650
Write-off	(28,839)	(5,539)	(25,108)	-	-	(59,486)
Additions	<u>-</u>	<u>-</u>	<u>34,380</u>	<u>-</u>	<u>36,219</u>	<u>70,599</u>
As at March 31, 2015	-	1,244	61,086	188,901,676	2,268,757	191,232,763
Write-off	-	(1,244)	(20,147)	-	(2,268,757)	(2,290,148)
Additions	<u>-</u>	<u>6,934</u>	<u>83,167</u>	<u>-</u>	<u>1,799,657</u>	<u>1,889,758</u>
As at March 31, 2016	<u>-</u>	<u>6,934</u>	<u>124,106</u>	<u>188,901,676</u>	<u>1,799,657</u>	<u>190,832,373</u>
Accumulated depreciation:						
As at April 1, 2014	21,742	4,603	28,842	22,472,024	1,250,516	23,777,727
Write-off	(28,839)	(5,539)	(25,108)	-	-	(59,486)
Depreciation for the year	<u>7,097</u>	<u>2,000</u>	<u>21,415</u>	<u>7,945,083</u>	<u>449,575</u>	<u>8,425,170</u>
As at March 31, 2015	-	1,064	25,149	30,417,107	1,700,091	32,143,411
Write-off	-	(1,243)	(20,148)	-	(2,268,757)	(2,290,148)
Depreciation for the year	<u>-</u>	<u>1,693</u>	<u>40,620</u>	<u>7,945,112</u>	<u>718,639</u>	<u>8,706,064</u>
As at March 31, 2016	<u>-</u>	<u>1,514</u>	<u>45,621</u>	<u>38,362,219</u>	<u>149,973</u>	<u>38,559,327</u>
Carrying amount:						
As at March 31, 2016	<u>-</u>	<u>5,420</u>	<u>78,485</u>	<u>150,539,457</u>	<u>1,649,684</u>	<u>152,273,046</u>
As at March 31, 2015	<u>-</u>	<u>180</u>	<u>35,937</u>	<u>158,484,569</u>	<u>568,666</u>	<u>159,089,352</u>

(1) Pledged against SCB and BoA bank loan (2015: ICICI bank loan).

14. PREPAYMENT FOR VESSEL

Prepayment for vessel represents the direct and related costs incurred towards construction and acquisition of vessels. The construction and acquisition is still in progress. Vessel construction is scheduled to be completed before financial year ending March 31, 2017.

The borrowing costs and other costs capitalised in costs of construction in progress are US\$1,299,960 (2015 : US\$208,330) and US\$143,920 (2015 : US\$107,158) respectively. Total 50% advance payment amounting to US\$26,037,500 (2015 : US\$15,622,500) has been made to the shipyard company. Commitment towards balance of payment for vessel construction costs to be incurred over the next one year is US\$26,037,500 (2015 : US\$36,452,500).

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

15. TRADE PAYABLES

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Holding company	5	273,222	-
Fellow subsidiary	5	164,598	162,150
Other related party	6	-	13,427
Outside parties		457,468	474,397
		<u>895,288</u>	<u>649,974</u>

The average credit period on purchases of goods is 3 days (2015 : 3 days). No interest is charged on trade payables.

16. OTHER PAYABLES

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Holding company	5	-	96,970
Fellow subsidiary	5	7,000,000	7,000,000
Accrued expenses		760,400	1,027,511
Deferred revenue		167,327	393,366
		<u>7,927,727</u>	<u>8,517,847</u>

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

In 2013, the Company entered into a loan agreement with a related company for a loan of US\$7,000,000 (2015 : US\$7,000,000) in relation to the Company's investments. The loan does not bear interest and is repayable on demand. Under the loan agreement, the related company has the option to convert the outstanding amount of loan into equity shares of the Company. The related company has agreed, effectively from the commencement of the loan that the convertible option will not be exercised and accordingly, the loan drawn down has been fully recorded as other payables due to a related company.

17. BANK LOANS

	<u>2016</u> US\$	<u>2015</u> US\$
Secured bank loan - at amortised cost	101,201,877	100,226,388
Less: Amount due for settlement within 12 months (disclosed under current liabilities)	<u>(8,814,005)</u>	<u>(23,829,723)</u>
Amount due for settlement after 12 months	<u>92,387,872</u>	<u>76,396,665</u>

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

17. BANK LOANS (cont'd)

The carrying amount of bank loan approximates its fair value based on management's best estimate.

The bank loans are secured by:

- (i) The holding company has issued a corporate guarantee to SCB and BoA for an amount of US\$45 million and US\$70.25 million (2015 : US\$Nil) respectively as specified in the loan agreements.
- (ii) Security over: 1) Mortgage over the vessels; 2) Assignment of all insurances; 3) Assignment of the Ship Management and Crew Management Contract; 4) Assignment of charter contracts/contracts of affreightment.

The Company has the following borrowing arrangements:

Long term loan from ICICI Bank

A committed long term loan facility with ICICI bank for US\$141.84 million for financing the construction of two gearless cape size dry bulk carriers being built by a third party, STX Offshore & Shipbuilding Co. Ltd, in Jinhae, South Korea. The loan represents 80% of the cost of the two ships as per the shipbuilding contract in which the cost of each ship is US\$88.65 million. The loan was drawn in various tranches representing the various milestones during shipbuilding such as steel cutting, keel laying, launching, and delivery. The interest was serviced during the construction period of the ships while the repayment of the principal outstanding commenced only after the delivery of the vessels, in 48 equal instalments, payable every 3 months after the first repayment date. During the current financial year, the Company has repaid US\$4.5 million (2015 : US\$17.1 million) including interest thereon. The Company has refinanced the ICICI Bank loan to Standard Chartered Bank and Bank of America during the current financial year. As at March 31, 2016, the loan has been fully paid (2015 : US\$90,062,979) and remaining prepaid upfront fee of US\$1,761,241 has been expensed off into profit and loss (2015 : US\$1,816,715).

The Company entered into a derivative agreement on January 4, 2011 as this was mandated in the facility agreement. Under the terms of the agreement, the Company had capped the interest at the strike rate of 2.5% with quarterly payment of premium at the rate of 1.21% p.a. This arrangement has been effective from the date the vessels have been delivered. The management has obtained the valuation of this derivative instrument from the ICICI bank and consequently accounted for a gain of US\$860,625 (2015 : US\$630,656) in the profit or loss. As at the end of the reporting period, the carrying amount of the derivative instrument is US\$1,990,032 (2015 : US\$2,850,657).

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

17. BANK LOANS (cont'd)

Long term loan from Standard Chartered Bank (SCB)

In 2016, the Company refinanced its cape size dry bulk carriers called MV Trust Integrity with a principal balance of US\$42.25 million in two tranches. The Company has repaid US\$2.18 million (2015 : US\$Nil) including interest thereon. The interest is computed for the actual number of days at a floating rate of 3 month LIBOR plus 1.6% and 1.3% per annum for two tranches respectively (basis 360 days). As at March 31, 2016, bank loan amounting to US\$39,574,327 (2015 : US\$Nil) comprises of outstanding loan principal of US\$40,070,179 (2015 : US\$Nil) and prepaid upfront fees of US\$495,852 (2015 : US\$Nil).

Long term loan from Bank of America (BoA):

- (a) In 2016, the Company refinanced its cape size dry bulk carriers called MV Trust Agility with a principal balance of US\$43.28 million that was payable to ICICI Bank. The Company has repaid US\$2.28 million (2015 : US\$Nil) including interest thereon. The interest is computed for the actual number of days at a floating rate of 3 month LIBOR plus 1.44% per annum (basis 360 days). As at March 31, 2016, bank loan amounting to US\$40,590,050 (2015 : US\$Nil) comprises outstanding loan principal of US\$41,007,749 (2015 : US\$Nil) and prepaid upfront fees of US\$417,699 (2015 : US\$Nil).
- (b) In 2016, a loan of amount US\$21.0 million (2015 : US\$Nil), with a tenure of 12 years from date of delivery of vessel, was obtained for the purchase of a new vessel, MV Trust Amity. The interest is computed for the actual number of days at a floating rate of 3 month LIBOR plus 2.25% per annum (basis 360 days).

18. SHARE CAPITAL

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid:</u>				
At the beginning and end of year	<u>129,153,344</u>	<u>129,153,344</u>	<u>129,153,344</u>	<u>129,153,344</u>

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

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

19. OTHER OPERATING INCOME

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Continuing operations			
Commission income	6	4,629,678	90,466
Interest income	6	401,680	385,710
Management service fee	6	1,597,100	1,990,259
Others		<u>220,247</u>	<u>870</u>
		<u>6,848,705</u>	<u>2,467,305</u>
Discontinued operations			
Interest income		<u>-</u>	<u>16</u>
		<u>-</u>	<u>16</u>
		<u>6,848,705</u>	<u>2,467,321</u>

20. OPERATING EXPENSES

	<u>2016</u> US\$	<u>2015</u> US\$
Continuing operations		
Professional fees	257,586	351,081
Rental expenses	185,964	175,356
Others	<u>232,999</u>	<u>581,569</u>
	<u>676,549</u>	<u>1,108,006</u>
Discontinued operations		
Others	<u>-</u>	<u>9,023</u>
	<u>-</u>	<u>9,023</u>
	<u>676,549</u>	<u>1,117,029</u>

TRUST ENERGY RESOURCES PTE. LTD.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

21. FINANCE COSTS

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Continuing operations			
Interest on borrowings	5	5,149,496	5,333,474
Other finance charges		462,270	303,694
Fair value gain on interest cap	17	<u>(860,625)</u>	<u>(630,656)</u>
		<u>4,751,141</u>	<u>5,006,512</u>
Discontinued operations			
Interest on borrowings		-	326
Other finance charges		-	<u>27,925</u>
		-	<u>28,251</u>
		<u>4,751,141</u>	<u>5,034,763</u>

22. PROFIT BEFORE TAX

Profit before tax is arrived after charging:

	<u>2016</u> US\$	<u>2015</u> US\$
Continuing operations		
Staff defined contribution plan	<u>104,927</u>	<u>108,420</u>

23. INCOME TAX EXPENSE

	<u>2016</u> US\$	<u>2015</u> US\$
Tax expense comprises:		
Current tax expense	739,823	-
Withholding tax	71,138	6,359
Underprovision in prior years	<u>21,034</u>	<u>-</u>
	<u>831,995</u>	<u>6,359</u>

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable profit for the financial year.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

23. INCOME TAX EXPENSE (cont'd)

The total charge for the year can be reconciled to the accounting profit as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Profit before tax:		
Continuing operations	11,991,897	9,030,438
Discontinued operations	-	(37,258)
Profit before tax	<u>11,991,897</u>	<u>8,993,180</u>
Tax expense at the statutory rate	2,038,621	1,528,840
Effect of items that are tax exempt	(1,298,806)	(1,544,004)
Effect of non-deductible items	(327)	7,860
Withholding tax	71,138	6,359
Others	335	7,304
Underprovision in prior years	<u>21,034</u>	<u>-</u>
	<u>831,995</u>	<u>6,359</u>

With effect from August 1, 2011, the Company has been awarded the status of Approved International Shipping Enterprise (AIS) pursuant to the Maritime Sector Incentive Scheme of Maritime and Port Authority of Singapore (MPA) for a period of 10 years. This status entitles the Company to claim tax exemption under section 13F of Singapore Income tax act for all the incomes arising out of qualifying shipping operations.

This approval has been granted subject to satisfaction of certain conditions which are required to be met by the end of 5 years from the date of commencement of exemption period and will be subject to review by MPA at the end of 5th year.

The award of the Maritime Sector Incentive - Approved International Shipping Enterprise (MSI-AIS) status to Energy Eastern Pte Ltd is pegged to the MSI-AIS status of Trust Energy Resources Pte Ltd, which ends on July 31, 2021. Once the MSI-AIS status of Trust Energy Resources Pte Ltd is withdrawn, revoked or expires without renewal, the MSI-AIS sister status for Energy Eastern Pte Ltd would also be withdrawn with effect from that same date of expiry, withdrawal or revocation.

TRUST ENERGY RESOURCES PTE. LTD.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016**

24. OPERATING LEASE ARRANGEMENTS

	<u>2016</u> US\$	<u>2015</u> US\$
Minimum lease payments under operating leases recognised as an expense in the year	<u>185,964</u>	<u>201,635</u>

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

	<u>2016</u> US\$	<u>2015</u> US\$
Within one year	145,978	185,874
In the second to fifth years inclusive	<u>-</u>	<u>139,406</u>

Operating lease payments represent rentals payable by the Company for its office properties. Leases are negotiated for an average term of 2 years (2015 : 2 years) and rentals are fixed for an average of 2 years (2015 : 2 years).

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Year ended March, 2016	Exchange Rate	Amount	Year ended March, 2015	Exchange Rate	Amount
	USD		₹	USD		₹
Continuing operations						
Income from sale of goods	-	65.46	-	2,852,799	61.15	174,440,386
Freight income	16,184,981	65.46	1,059,486,660	15,328,772	61.15	937,309,954
Other Vessels operating income	24,777,398	65.46	1,621,955,728	27,044,458	61.15	1,653,690,178
Other operating income	6,848,705	65.46	448,323,763	2,467,305	61.15	150,868,546
Exchange gain	2,837	65.46	185,713	4,179	61.15	255,534
Purchases	-	65.46	-	(2,793,461)	61.15	(170,812,039)
Freight expense	(15,746,836)	65.46	(1,030,805,206)	(14,977,535)	61.15	(915,832,830)
Vessel running costs	(4,160,643)	65.46	(272,360,267)	(4,204,264)	61.15	(257,078,551)
Staff and related costs	(1,780,791)	65.46	(116,572,538)	(2,152,127)	61.15	(131,596,325)
Operating expenses	(676,549)	65.46	(44,287,642)	(1,108,006)	61.15	(67,751,354)
Depreciation expenses	(8,706,064)	65.46	(569,908,526)	(8,425,170)	61.15	(515,174,713)
Finance Cost	(4,751,141)	65.46	(311,014,916)	(5,006,512)	61.15	(306,133,690)
Profit before income tax	11,991,897	65.46	785,002,769	9,030,438	61.15	552,185,096
Income tax expenses	(831,995)	65.46	(54,463,308)	(6,359)	61.15	(388,834)
Profit for the year from continuing operations	11,159,902	65.46	730,539,461	9,024,079	61.15	551,796,262
Discontinued operations						
Loss for the year from discontinued operations	-	65.46	-	(37,258)	61.15	(2,278,219)
Total Profit for the year, representing total comprehensive income for the year	11,159,902	65.46	730,539,461	8,986,821	61.15	549,518,043

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	As at March, 2016 USD	Exchange Rate	Amount ₹	As at March, 2015 USD	Exchange Rate	Amount ₹
ASSETS						
Current assets						
Cash and cash equivalents	7,801,006	66.25	516,797,145	5,377,680	62.50	336,091,556
Trade receivables	37,237,230	66.25	2,466,873,394	29,698,903	62.50	1,856,107,190
Other receivables and prepayments	31,952,893	66.25	2,116,799,279	33,052,746	62.50	2,065,713,993
	<u>76,991,129</u>	66.25	<u>5,100,469,818</u>	<u>68,129,329</u>	62.50	<u>4,257,912,739</u>
Non-current assets held for sale	-	66.25	-	789,065	62.50	49,314,590
Total current assets	<u>76,991,129</u>	66.25	<u>5,100,469,818</u>	<u>68,918,394</u>	62.50	<u>4,307,227,329</u>
Non-current assets						
Investment in subsidiary	-	66.25	-	-	62.50	-
Investments in joint ventures	789,065	66.25	52,273,584	-	62.50	-
Restricted cash	-	66.25	-	2,005,750	62.50	125,354,361
Property, plant and equipment	152,273,046	66.25	10,087,708,615	159,089,352	62.50	9,942,686,777
Prepayment for vessel	27,481,380	66.25	1,820,572,722	15,937,988	62.50	996,084,405
Total current assets	<u>180,543,491</u>	66.25	<u>11,960,554,921</u>	<u>177,033,090</u>	62.50	<u>11,064,125,543</u>
TOTAL ASSETS	<u>257,534,620</u>	66.25	<u>17,061,024,739</u>	<u>245,951,484</u>	62.50	<u>15,371,352,872</u>
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	895,288	66.25	59,310,592	649,974	62.50	40,621,750
Other payables	7,927,727	66.25	525,192,094	8,517,847	62.50	532,344,143
Current portion of bank loans	8,814,005	66.25	583,905,796	23,829,723	62.50	1,489,298,113
Income tax payable	739,823	66.25	49,011,424	86,647	62.50	5,415,221
Total current liabilities	<u>18,376,843</u>	66.25	<u>1,217,419,906</u>	<u>33,084,191</u>	62.50	<u>2,067,679,227</u>
Non-current liabilities						
Derivative financial instruments	1,990,032	66.25	131,834,645	2,850,657	62.50	178,158,936
Non-current portion of bank loans	92,387,872	66.25	6,120,465,550	76,396,665	62.50	4,774,600,571
Total non-current liabilities	<u>94,377,904</u>	66.25	<u>6,252,300,195</u>	<u>79,247,322</u>	62.50	<u>4,952,759,507</u>
Capital and reserves						
Share capital	129,153,344	46.37	5,989,014,205	129,153,344	46.37	5,989,014,205
Accumulated profits	15,626,529	90.39	1,412,488,125	4,466,627	152.68	681,948,664
Exchange Difference	-		2,189,802,308	-		1,679,951,269
	<u>144,779,873</u>	66.25	<u>9,591,304,638</u>	<u>133,619,971</u>	62.50	<u>8,350,914,138</u>
TOTAL LIABILITIES AND EQUITY	<u>257,534,620</u>	66.25	<u>17,061,024,739</u>	<u>245,951,484</u>	62.50	<u>15,371,352,872</u>

**TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Stated capital	Exchange Rate	Amount	Accumulated losses	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹
Balance as at April 1, 2014	129,153,344	46.37	5,989,014,205	(4,520,194)	(29.30)	132,430,621	124,633,150	49.12	6,121,444,826
Profit for the year, representing total comprehensive income for the year				8,986,821	61.15	549,518,043	8,986,821	61.15	549,518,043
Balance as at March 31, 2015	<u>129,153,344</u>	46.37	<u>5,989,014,205</u>	<u>4,466,627</u>	152.68	<u>681,948,664</u>	<u>133,619,971</u>	49.92	<u>6,670,962,869</u>
Profit for the year, representing total comprehensive income for the year				11,159,902	65.46	730,539,461	11,159,902	65.46	730,539,461
Balance as at March 31, 2016	<u>129,153,344</u>	46.37	<u>5,989,014,205</u>	<u>15,626,529</u>	90.39	<u>1,412,488,125</u>	<u>144,779,873</u>	51.12	<u>7,401,502,330</u>

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Year ended March, 2016	Exchange Rate	Amount	Year ended March, 2015	Exchange Rate	Amount
	USD		₹	USD		₹
Operating activities						
Profit (Loss) before tax						
Discontinuing operations	-	65.46	-	(37,258)	61.15	(2,278,219)
Continuing operations	11,991,897	65.46	785,002,769	9,030,438	61.15	552,185,096
	<u>11,991,897</u>	65.46	<u>785,002,769</u>	<u>8,993,180</u>	61.15	<u>549,906,877</u>
Adjustment for:						
Depreciation expense	8,706,064	65.46	569,908,526	8,425,170	61.15	515,174,713
Interest expense	5,611,766	65.46	367,352,375	5,665,419	61.15	346,423,942
Interest income	(401,680)	65.46	(26,294,415)	(385,726)	61.15	(23,586,026)
Fair value gain/loss on interest cap	(860,625)	65.46	(56,337,459)	(630,656)	61.15	(38,562,785)
Cash flows before changes in working capital	<u>25,047,422</u>	65.46	<u>1,639,631,796</u>	<u>22,067,387</u>	61.15	<u>1,349,356,721</u>
Trade receivables	(7,160,287)	65.46	(468,720,263)	(1,777,077)	61.15	(108,663,105)
Other receivables and prepayments	1,084,626	65.46	71,000,811	(1,691,934)	61.15	(103,456,857)
Trade payables	245,314	65.46	16,058,524	315,787	61.15	19,309,459
Other payables	(3,531,229)	65.46	(231,158,135)	149,415	61.15	9,136,294
Cash generated from operations	<u>15,685,846</u>	65.46	<u>1,026,812,733</u>	<u>19,063,578</u>	61.15	<u>1,165,682,512</u>
Interest received	22,977	65.46	1,504,100	307,755	61.15	18,818,326
Interest paid	(3,667,265)	65.46	(240,063,201)	(5,434,822)	61.15	(332,323,604)
Income taxes paid	(178,819)	65.46	(11,705,688)	(1,324,791)	61.15	(81,007,128)
Net cash from operating activities	<u>11,862,739</u>	65.46	<u>776,547,944</u>	<u>12,611,720</u>	61.15	<u>771,170,106</u>
Investing activities						
Purchase of property, plant and equipment	(90,101)	65.46	(5,898,111)	(70,599)	61.15	(4,316,924)
Payment towards Dry Docking	(1,799,657)	65.46	(117,807,527)	-	61.15	-
Withdrawal of Term Deposit	2,005,750	65.46	131,298,601	-	61.15	-
Payment towards construction of vessels	(10,415,000)	65.46	(681,777,357)	(15,622,500)	61.15	(955,270,570)
Net cash used in investing activities	<u>(10,299,008)</u>	65.46	<u>(674,184,394)</u>	<u>(15,693,099)</u>	61.15	<u>(959,587,494)</u>
Financing activities						
Proceeds from borrowings	21,037,500	65.46	1,377,137,891	16,980,124	61.15	1,038,285,340
Repayment of borrowings	(20,177,905)	65.46	(1,320,867,857)	(22,071,490)	61.15	(1,349,607,606)
Restricted cash	-	65.46	-	-	61.15	-
Net cash from (used in) financing activities	<u>859,595</u>	65.46	<u>56,270,034</u>	<u>(5,091,366)</u>	61.15	<u>(311,322,266)</u>
Net increase / (decrease) in cash and cash equivalents	2,423,326	65.46	158,633,584	(8,172,745)	61.15	(499,739,654)
Cash and cash equivalents at the beginning of the year	5,377,680	62.50	336,091,556	13,550,425	59.89	811,534,953
Effect of exchange fluctuation on cash and cash equivalents	-		22,072,005	-		24,296,257
Cash and cash equivalents at the end of the year	<u>7,801,006</u>	66.25	<u>516,797,145</u>	<u>5,377,680</u>	62.50	<u>336,091,556</u>