

Company Registration No. 200802690C

Trust Energy Resources Pte. Ltd.

Annual Financial Statements
31 March 2020



Trust Energy Resources Pte. Ltd.

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Trust Energy Resources Pte. Ltd.

Directors' statement

The directors are pleased to present their statement to the member together with the audited financial statements of Trust Energy Resources Pte. Ltd. (the "Company") for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Kottamasu Venkateswara Rao
Sagi Satyanarayana Varma
Anand Agarwal (Appointed on 30 January 2020)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

According to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Trust Energy Resources Pte. Ltd.

Directors' statement

Auditor

Ernst and Young LLP have expressed their willingness to accept appointment as auditor.

On behalf of the board of directors,



Sagi Satyanarayana Varma
Director



Kottamasu Venkateswara Rao
Director

Singapore
24 June 2020

Trust Energy Resources Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Trust Energy Resources Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Trust Energy Resources Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for other information. The other information comprises the directors' statement set out on pages 1 to 2.

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

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

Trust Energy Resources Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Trust Energy Resources Pte. Ltd.

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Trust Energy Resources Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2020**

Independent auditor's report to the member of Trust Energy Resources Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

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

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
24 June 2020

Trust Energy Resources Pte. Ltd.

**Statement of comprehensive income
For the financial year ended 31 March 2020**

	Note	2020 US\$	2019 US\$
Coal sales		11,033,246	45,172,785
Freight income		90,577,136	42,907,317
Vessels operating income	4a	30,175,662	25,310,732
Other operating income	4b	13,827,970	92,084,320
Exchange (loss)/gain		(7,693)	103,400
Coal purchases		(11,003,874)	(44,674,589)
Freight expenses		(68,061,335)	(34,492,718)
Vessel running costs		(7,531,267)	(6,510,238)
Staff and related costs		(1,034,956)	(1,197,001)
Operating expenses	5	(1,923,022)	(650,180)
Depreciation expenses	10	(15,072,667)	(9,309,000)
Finance costs	6	(9,796,382)	(5,712,471)
Profit before income tax	7	31,182,818	103,032,357
Income tax expense	8	(1,612,933)	(2,250,427)
Profit for the year, representing total comprehensive income for the year attributable to the owner of the Company		29,569,885	100,781,930

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Trust Energy Resources Pte. Ltd.

Balance sheet
As at 31 March 2020

	Note	2020 US\$	2019 US\$
Assets			
Non-current assets			
Property, plant and equipment	10	82,044,193	178,832,499
Investment in joint ventures	11	789,065	789,065
Investment in subsidiary	12	–	10,139,000
Other receivables and prepayments	14	105,050,517	87,538,450
		<u>187,883,775</u>	<u>277,299,014</u>
Non-current assets held for sale	16	171,166,251	1,664,661
Current assets			
Trade receivables	13	63,653,069	33,393,030
Contract assets		909,900	–
Other receivables and prepayments	14	19,677,740	39,927,175
Cash and cash equivalents	15	25,242,740	20,406,644
		<u>109,483,449</u>	<u>93,726,849</u>
Total assets		<u>468,533,475</u>	<u>372,690,524</u>
Equity and liabilities			
Current liabilities			
Trade payables	17	8,632,162	12,572,374
Contract Liability		1,550,565	–
Other payables	18	45,993,536	7,736,337
Loans and borrowings	20	55,659,333	11,731,754
Income tax payable		1,700,059	2,082,034
Derivative financial instruments	22	2,571,669	871,382
		<u>116,107,324</u>	<u>34,993,881</u>
Net current assets		<u>164,542,376</u>	<u>60,397,629</u>
Non-current liabilities			
Loans and borrowings	20	73,487,968	78,568,744
		<u>73,487,968</u>	<u>78,568,744</u>
Total liabilities		<u>189,595,292</u>	<u>113,562,625</u>
Net assets		<u>278,938,183</u>	<u>259,127,899</u>
Equity attributable to the owner of the Company			
Share capital	19	129,153,344	129,153,344
Accumulated profits		152,108,117	129,974,555
Merger reserve	28	(2,323,278)	–
Total equity		<u>278,938,183</u>	<u>259,127,899</u>
Total equity and liabilities		<u>468,533,475</u>	<u>372,690,524</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Trust Energy Resources Pte. Ltd.

Statement of changes in equity
For the financial year ended 31 March 2020

	Note	Share capital (Note 19) US\$	Accumulated profits US\$	Merger Reserve US\$	Total equity US\$
Balance at 1 April 2018		129,153,344	40,048,399	–	169,201,743
Profit for the year, representing total comprehensive income for the year		–	100,781,930	–	100,781,930
Dividend paid, representing transactions with owner recognised directly in equity	26	–	(6,000,000)	–	(6,000,000)
Distribution to holding company	27	–	(4,855,774)	–	(4,855,774)
Closing balance at 31 March 2019 and 1 April 2019		129,153,344	129,974,555	–	259,127,899
Profit for the year, representing total comprehensive income for the year		–	29,569,885	–	29,569,885
Amalgamation of fellow subsidiary (Note 28)		–	–	(2,323,278)	(2,323,278)
Distribution to holding company	27	–	(7,436,323)	–	(7,436,323)
Closing balance at 31 March 2020		129,153,344	152,108,117	(2,323,278)	278,938,183

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Trust Energy Resources Pte. Ltd.

Statement of cash flows
For the financial year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Operating activities			
Profit before income tax		31,182,818	103,032,357
Adjustments for:			
Depreciation of property, plant and equipment	10	15,072,667	9,309,000
Interest income	4	(3,513,574)	(3,812,936)
Interest expense	6	8,096,095	5,124,277
Marked to market loss on derivatives	6	1,700,287	588,194
Gain on disposal of assets held-for-sale	4	-	(77,111,686)
Operating cash flows before changes in working capital		52,538,293	37,129,206
Changes in working capital:			
Trade receivables		3,265,293	26,080,279
Other receivables and prepayments		(931,619)	331,885
Trade payables		(6,499,325)	(13,596,567)
Other payables		38,467,339	5,431,716
Cash flows from operations		86,839,981	55,376,519
Interest received		792,432	1,410,264
Interest paid		(3,825,438)	(4,344,551)
Income taxes paid		(1,993,759)	(2,690,512)
Net cash flows generated from operating activities		81,813,216	49,751,720
Investing activities			
Purchase of property, plant and equipment		(604,922)	(30,659)
Receipt from sublease		38,337	-
Loan to related company		(37,350,000)	(94,100,000)
Loan to subsidiary		-	(2,850,000)
Repayment of loan from subsidiary (EEPL)		3,060,000	-
Repayment from loan from TERPL		8,000,000	-
Advance from sale of investment in subsidiary		-	75,000,000
Amalgamation of a subsidiary, net of cash acquired		2,271,532	-
Investment in a subsidiary		-	(10,139,000)
Net cash flows used in investing activities		(24,585,053)	(32,119,659)
Financing activities			
Repayment of borrowings from bank		(44,649,483)	(11,867,400)
Repayment of lease liabilities		(7,742,584)	-
Dividends paid		-	(6,000,000)
Net cash flows used in financing activities		(52,392,067)	(17,867,400)
Net increase/(decrease) in cash and cash equivalents		4,836,096	(235,339)
Cash and cash equivalents at beginning of the year		20,406,644	20,641,983
Cash and cash equivalents at end of the year	15	25,242,740	20,406,644

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

1. Corporation information

Trust Energy Resources Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The immediate and ultimate holding company is The Tata Power Company Ltd, incorporated in India. Related companies refer to companies under the Tata Power Group.

The registered office and principal place of business of the Company is located at 78 Shenton Way, #17-01/02 Singapore 079120.

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 principal activities of the subsidiary and joint venture are disclosed in Note 12 and 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("US\$"), which is the functional currency of the Company.

2.2 New accounting standards effective on 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2019. The adoption of these standards did not have any effect on the financial performance or position of the Company, except mentioned below.

FRS 116 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The Company has lease contracts for office premises. Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2.18.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.2 New accounting standards effective on 1 January 2019 (cont'd)

FRS 116 Leases (cont'd)

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all the leases except for short-term leases and lease of low-value assets. The accounting policy beginning on or after 1 April 2019 is disclosed in Note 2.18. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

There is no effect to the financial statements of the Company on the adoption date as the leases were short-term leases.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using incremental borrowing rates at the date of initial application.

The Company also applied the following practical expedients:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial costs from the measurement of the right-of-use assets at the date of initial application;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review; and
- used hindsight in determining whether the lease term where the contract contained options to extend or terminate the lease.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103: Definition of a Business	1 January 2020
Amendments to FRS 109, FRS 39, and FRS 107: Interest Rate Benchmark Reform	1 January 2020
FRS 117 Insurance Contracts	1 January 2021
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency

The Company's financial statements are presented in United States Dollars ("US\$"), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 Consolidation

In accordance with Singapore Financial Reporting Standard No. 110 and Section 201(3BA) of the Companies Act, Chapter 50, the Company need not prepare consolidated financial statements. The financial statements of the joint ventures have not been consolidated or equity accounted with the Company's financial statements as the Company itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the ultimate holding company, The Tata Power Company Ltd, incorporated in India, on a worldwide basis and such financial statements are publicly available. The registered address of The Tata Power Company Ltd is located at Bombay House, 24 Homi Mody Street, Mumbai 400001, India.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	3 years
Furniture and fixtures	3 years
Tools and equipment	3 years
Dry-docking	5 years
Vessels	25 years (or over lease period of 12-13 years)
Leasehold building	Over lease period of 3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation method is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.9 Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the Company's financial statements, investment in joint ventures are accounted for at cost less impairment losses.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through OCI and fair value through profit or loss.

Investment in debt instruments

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are measured using the effective interest (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of financial assets are recognised in OCI, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss in the period in which it arises.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset have expired. On derecognition of a financial asset, in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amount and the consideration paid is recognised in the profit or loss.

(c) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered to and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

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.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets*

The Company recognised an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The company considers a financial asset in default when contractual payments are more than 360 days past due. However in certain cases the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 *Cash and cash equivalents*

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

2.13 *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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.14 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.15 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 *Employee benefits*

(a) *Defined contribution plan*

The Company makes contributions to the Central Provident Fund scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *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.

2.17 *Non-current assets held for sale*

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Company is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2. Summary of significant accounting policies (cont'd)

2.18 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Vessels	25 years (or over lease period of 12-13 years)
Leasehold building	Over lease period of 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

The Company's right-of-use assets are presented within property, plant and equipment (Note 10).

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

(a) As a lessee (cont'd)

(ii) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease payments (e.g. changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company lease liabilities are included in loans and borrowings (Note 20).

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.19 Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- Acquisition-related costs are recognised as expenses in the periods in which costs are incurred and the services are received.
- The financial information of the entity or business acquired for the period prior to date of combination under common control is not restated.

2.20 Revenue

Revenue is recognised based on the consideration to which company expects to be entitled in exchange for transferring promised goods and services to customers, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Freight income

Revenue from the provision of voyage charter is recognised over time on a straight-line basis over the duration of the voyage on a load-to-discharge basis, as the service is performed and rendered.

(b) Charter revenue/vessel operating Income

The Company's charter contracts consist of time charters. In the case of time charter, revenue is separated into a lease component and a service component. The lease component represents the lease of the vessel and is accounted for using the lease standard. Revenue from the chartering of vessels is recognised on a straight-line basis over the charter period.

The service component includes the provision of crew and other services under the time charter contracts. The Company separates the components by allocating the transaction price based on their relative stand-alone selling prices. Revenue from the provision of other ancillary services including crew and other marine ancillary services are recognised over time when services are rendered.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.20 Revenue (cont'd)

(c) *Commission income*

Commission income is recognised when services are rendered and the performance obligation is satisfied.

(d) *Sale of goods*

Revenue from the sale of goods (coal) is recognised when the control of the goods has transferred from the Company to the buyer.

2.21 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies. Except for the estimation below no material estimation uncertainty is involved that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

4a. Vessels operating income

	2020	2019
	US\$	US\$
Charter hire income earned	23,844,257	18,474,982
Other ancillary charter hire revenue	7,244,267	6,835,750
	<u>31,088,524</u>	<u>25,310,732</u>

4b. Other operating income

	2020	2019
	US\$	US\$
Commission income	9,999,062	10,553,420
Interest income	3,513,574	3,812,937
Gain on disposal of assets held-for-sale	–	77,111,686
Management service fees	115,000	387,905
Others	200,334	218,372
	<u>13,827,970</u>	<u>92,084,320</u>

5. Operating expenses

	2020	2019
	US\$	US\$
Professional fees	137,158	150,586
Rental expenses	70,015	100,891
Expected credit losses on trade receivables	1,298,214	–
Others	417,635	398,703
	<u>1,923,022</u>	<u>650,180</u>

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

6. Finance costs

	2020	2019
	US\$	US\$
Interest expenses on		
- Bank borrowings	3,793,554	4,347,579
- Lease liabilities	3,238,562	-
Other finance charges	1,063,979	776,698
	<hr/>	<hr/>
	8,096,095	5,124,277
Net fair value loss on derivatives	1,700,287	588,194
	<hr/>	<hr/>
	9,796,382	5,712,471

7. Profit before income tax

The following items have been included in arriving at profit before income tax:

	2020	2019
	US\$	US\$
Staff defined contribution plan	76,463	88,738

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are as follows:

	2020	2019
	US\$	US\$
<i>Statement of comprehensive income:</i>		
<u>Current income tax</u>		
- Current year taxation	1,700,059	2,082,327
- (Over)/underprovision in previous years	(87,791)	52,492
	<hr/>	<hr/>
	1,612,268	2,134,819
Withholding tax	665	115,608
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	1,612,933	2,250,427

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

8. Income tax expense (cont'd)

Relationship between tax expense and profit before income tax

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 2019 are as follows:

	2020	2019
	US\$	US\$
Profit before income tax	31,182,818	103,032,357
Tax at the applicable tax rate of 17% (2019: 17%)	5,301,079	17,515,501
Adjustments:		
Non-deductible expenses	16,323	172,585
Income not subject to taxation	(3,530,787)	(15,651,514)
Effect of partial tax exemption and tax relief	(23,774)	(26,452)
(Over)/underprovision in previous years	(87,791)	52,492
Withholding tax	665	115,608
Others	(62,782)	72,207
Income tax expense recognised in profit or loss	1,612,933	2,250,427

With effect from 1 August 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.

The award of the Maritime Sector Incentive - Approved International Shipping Enterprise (MSI-AIS) status of Trust Energy Resources Pte Ltd ends on 31 July 2021.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

9. Related party transactions

(a) *Sales and purchases of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties, took place on terms agreed between the parties during the financial year:

	2020	2019
	US\$	US\$
<i>Holding company</i>		
- Financial guarantee expense	(1,011,555)	(537,293)
<i>Related party</i>		
- Freight income	90,577,136	42,907,317
- Interest income	2,896,454	2,410,022
- Management service fee expenses	(79,451)	(84,432)
- Financial guarantee expense	(39,822)	-
<i>Subsidiaries</i>		
- Interest income	196,898	818,897
- Management service fees	115,000	387,905
- Financial guarantee expense	-	(53,930)
Marketing commission from joint venture	9,877,682	10,479,200
Coal purchase from Joint Venture	(11,003,874)	(42,585,248)

(b) *Compensation of key management personnel*

	2020	2019
	US\$	US\$
Salaries and short-term benefits	280,328	438,092

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

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

10. Property, plant and equipment

	Leasehold improvements	Furniture and fixtures	Tools and equipment	Vessels ⁽¹⁾	Dry docking	Leasehold building	Capital work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Cost:								
As at 1 April 2018	34,917	6,814	97,102	241,675,389	2,899,657	–	–	244,713,879
Additions	–	235	30,424	–	–	–	–	30,659
Disposals	–	(5,390)	(86,836)	–	–	–	–	(92,226)
As at 31 March 2019 and 1 April 2019	34,917	1,659	40,690	241,675,389	2,899,657	–	–	244,652,312
Additions	–	2,385	6,718	86,892,871	–	288,160	595,817	87,785,951
Disposals	(34,917)	(1,424)	(2,427)	–	–	–	–	(38,768)
Reclassification to assets held for sale	–	–	–	(241,675,389)	(2,899,657)	–	–	(244,575,046)
As at 31 March 2020	–	2,620	44,981	86,892,871	–	288,160	595,817	87,824,449
Accumulated depreciation:								
As at 1 April 2018	14,549	5,637	83,291	55,253,897	1,245,665	–	–	56,603,039
Depreciation	11,639	822	9,592	8,707,016	579,931	–	–	9,309,000
Disposals	–	(5,390)	(86,836)	–	–	–	–	(92,226)
As at 31 March 2019 and 1 April 2019	26,188	1,068	6,047	63,960,913	1,825,596	–	–	65,819,813
Depreciation	8,729	811	14,075	14,442,267	579,931	26,854	–	15,072,667
Disposals	(34,917)	(1,424)	(2,427)	–	–	–	–	(38,768)
Reclassification to assets held for sale	–	–	–	(72,667,929)	(2,405,527)	–	–	(75,073,456)
As at 31 March 2020	–	455	17,695	5,735,251	–	26,854	–	5,780,256
Net carrying amount:								
As at 31 March 2019	8,729	590	34,643	177,714,476	1,074,061	–	–	178,832,499
As at 31 March 2020	–	2,164	27,286	81,157,620	–	261,306	595,817	82,044,193

(1) Part of the vessels are pledged against Standard Chartered Bank and Bank of America bank loan (2019: SCB and BOA bank loan).

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

10. Property, plant and equipment (cont'd)

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21.

Construction work-in-progress ("CWIP"): The Company made advance payment to install Scrubber and Ballast Water Treatment System on MV Kanaris as per IMO2020, the installation is expected to be complete in next financial year.

11. Investment in joint ventures

	2020	2019
	US\$	US\$
Shares, at cost	789,065	789,065

Details of the joint ventures are as follows:

Company	Principal place of business	Cost of investment		Proportion of ownership interest	
		2020	2019	2020	2019
		US\$	US\$	%	%
PT Kalimantan Prima Power ("KAP Y.Santosa dan Rekan ") ⁽¹⁾	Indonesia	750,000	750,000	30	30
PT Citra Prima Buana ("KAP Y.Santosa dan Rekan") ⁽¹⁾	Indonesia	7,813	7,813	3	3
PT Guruh Agung ("KAP Y.Santosa dan Rekan ") ⁽¹⁾	Indonesia	31,252	31,252	3	3

⁽¹⁾ Audited by KAP Y.Santosa dan Rekan

12. Investment in subsidiary

	2020	2019
	US\$	US\$
Shares, at cost	–	10,139,000

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

12. Investment in subsidiary (cont'd)

Details of the subsidiary are as follows:

Company	Principal place of business	Cost of investment		Proportion of ownership interest	
		2020 US\$	2019 US\$	2020 %	2019 %
Energy Eastern Pte Ltd ⁽²⁾	Singapore	-	10,139,000	-	100

⁽²⁾ Audited by Ernst & Young LLP, Singapore for March 31, 2019. During the year, the subsidiary was amalgamated with the Company (Note 28).

13. Trade receivables

	2020 US\$	2019 US\$
Related company	55,226,593	28,377,628
Third parties	8,426,476	5,015,402
Total trade receivables	63,653,069	33,393,030

Average credit period for trade and other receivables is 180 days and interest is charged on the trade receivables which are beyond the credit period of 180 days from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

Included in the Company's trade receivable balance are debtors with a carrying amount of US\$4,856,405 (2019: US\$10,486,448) which are past due at the end of the reporting period for which 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. Majority of these balances are receivable from related companies. The Company does not hold any collateral over these balances. The Company provides services only to limited customers out of which most are related companies and taking into account historical credit loss experience and adjusted for forward looking information, the expected credit allowances is Nil (2019: Nil). The aging profile of these receivables is as follows:

	2020 US\$	2019 US\$
<i>Trade receivables past due but not impaired:</i>		
1 to 30 days	1,322,407	4,869,638
31 to 60 days	1,123,203	-
More than 60 days	2,410,795	5,616,810
	4,856,405	10,486,448

Trade receivables are denominated in the functional currency of the Company.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

14. Other receivables and prepayments

	2020 US\$	2019 US\$
Non-current		
Amounts due from related company	104,808,693	87,538,450
Sub-lease receivables	241,824	–
	105,050,517	87,538,450
Current		
Deposits	65,608	55,663
Subsidiaries	–	415,058
Loan to subsidiary	–	27,750,000
Loan to related company	11,450,000	4,100,000
Prepayments	557,552	198,061
Receivable from sale of shares of subsidiary	7,384,700	7,384,700
Sub-lease receivables	149,602	–
Others	70,278	23,693
	19,677,740	39,927,175
Total other receivables and prepayments	124,728,257	127,465,625
Add:		
Trade receivables (Note 13)	63,653,069	33,393,030
Cash and cash equivalents (Note 15)	25,242,740	20,406,644
Less: Prepayments	(557,552)	(198,061)
Total financial assets carried at amortised cost	213,066,514	181,067,238

Of the other receivables balance at the end of the year, US\$5,537 (2019: US\$7,390,838) 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 credit loss arising from the outstanding balance.

Non-current amounts due from related company

On 25 April 2018, the Company entered into a US\$100 Million Loan Agreement with its related company, Tata Power International Pte. Ltd., for a period of two years. On 11 March 2020, the parties mutually agree to extend the agreement for another two years until 25 April 2022. As at 31 March 2020, the outstanding loan principal of US\$90,000,000 (2019: US\$94,100,000) is carried at US\$84,990,523 (2019: US\$87,538,450). The loan is unsecured, interest-free and expected to be repaid by 24 April 2022.

During the year, the Company also entered into a loan agreement for a loan not exceeding US\$22,000,000 (2019: Nil) for the related company's investment purposes. As at 31 March 2020, the outstanding loan principal of US\$22,000,000 (2019: Nil) is carried at US\$19,818,170 (2019: Nil) and is unsecured, interest-free and expected to be repaid by 5 December 2022.

Loan to subsidiary

The working capital loan of US\$27,750,000 as at 31 March 2019 was unsecured and bore interest of LIBOR + 1.26%. During the year, the subsidiary amalgamated with the Company as disclosed in Note 28 and the loan was settled.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

14. Other receivables and prepayments (cont'd)

Other receivables that are denominated in the foreign currency are as follows:

	2020 US\$	2019 US\$
Singapore Dollars	130,350	73,004

15. Cash and cash equivalents

	2020 US\$	2019 US\$
Cash in hand	633	1,432
Cash at bank	25,242,107	14,405,212
Fixed deposits	–	6,000,000
Cash and cash equivalents	25,242,740	20,406,644

Cash and cash equivalents that are denominated in the foreign currencies are as follows:

	2020 US\$	2019 US\$
Singapore Dollars	93,142	118,875
Indonesia Rupiah	94,297	105,594

16. Non-current assets held for sale

	2020 US\$	2019 US\$
Investment in subsidiary	1,664,661	1,664,661
Vessels	169,501,590	–
	171,166,251	1,664,661

Investment in subsidiary

In 2017, the Company entered into an agreement with RWood Resources Limited, a company incorporated in the Seychelles, to dispose its investment in subsidiary. Therefore, the investment has been classified as non-current assets held for sale and are presented separately in the balance sheet.

In 2018, the Company disposed 14,358,000 common shares representing 2.11% of the paid-up equity shares of PT Sumber Energy Andalan Tbk to PT Cakrawala Langit Sejahtera at IDR 3,240 each.

In 2019, the Company disposed 330,402,000 common shares representing 48.59% of the paid-up equity shares of PT Sumber Energy Andalan Tbk to PT Astrindo Nusantara Infrastruktur Tbk, PT Geo Link Indonesia and PT Wahyu Berkat Abadi at IDR 3,465 each.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

16. Non-current assets held for sale (cont'd)

Vessels

In 2020, the Company decided to divest the vessels and the Board of Directors gave in principal approval to explore divestment plans. The Company then circulated the Request for Quotations ('RFQ') and evaluated the prospective buyers. The sale is expected to complete within three to six months.

17. Trade payables

	2020	2019
	US\$	US\$
Holding company	138,776	127,529
Related party	5,241,294	11,801,150
Third parties	3,252,092	643,695
Total trade payables	<u>8,632,162</u>	<u>12,572,374</u>

The average credit period on purchases of goods is up to 30 days (2019: 30 days). No interest is charged on trade payables.

Trade payables are denominated in the functional currency of the Company.

18. Other payables

	2020	2019
	US\$	US\$
Accrued expenses	369,241	788,206
Deferred revenue	616,542	492,965
Advance received	45,007,753	6,455,166
Total other payables	<u>45,993,536</u>	<u>7,736,337</u>
Add:		
Trade payables (Note 17)	8,632,162	12,572,374
Current portion of bank loans (Note 20)	46,040,529	11,731,754
Non-current portion of bank loans (Note 20)	-	78,568,744
Non-current portion lease liabilities (Note 20)	73,487,968	-
Current portion lease liabilities (Note 20)	9,618,804	-
Less: deferred revenue	<u>(616,542)</u>	<u>(492,965)</u>
Total financial liabilities carried at amortised cost	<u>183,156,457</u>	<u>110,116,244</u>

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

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

18. Other payables (cont'd)

Other payables that are denominated in the foreign currency are as follows:

	2020	2019
	US\$	US\$
Singapore Dollars	238,819	227,002

19. Share capital

	2020	2019
	US\$	US\$
Issued and fully paid ordinary shares:		
At beginning and end of the year		
129,153,344 ordinary shares	129,153,344	129,153,344

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

20. Loans and borrowings

	2020	2019
	US\$	US\$
Secured bank loan - at amortised cost	46,040,529	90,300,498
Lease liabilities (Note 21)	83,106,772	-
Less:		
Amount due for settlement within 12 months (disclosed under current liabilities)	(46,040,529)	(11,731,754)
Lease liabilities (Note 21) within 12 months (disclosed under current liabilities)	(9,618,804)	-
Amount due for settlement after 12 months	73,487,968	78,568,744

The secured bank loan are classified as current as at 31 March 2020 as they pertain to loans taken for vessels, which are classified as held for sale (Note 16), and are expected to be settled prior to the sale of vessels.

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\$86.61 million (2019: US\$45 million and US\$89.26 million) 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.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

20. Loans and borrowings (cont'd)

The terms of the secured bank loans are as follows:-

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\$33.65 million till date (2019: US\$18.51 million) 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 31 March 2020, bank loan amounting to US\$12,380,142 (2019: US\$26,660,829) comprises of outstanding loan principal of US\$12,629,908 (2019: US\$26,989,976) and prepaid upfront fees of US\$249,766 (2019: US\$329,147).

Long term loan from Bank of America (BoA)

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 fully repaid US\$47.03 million including interest on 26 August 2019 (2019: US\$19.35 million).

In 2017, the Company repriced its newcastlemax dry bulk carriers called MV Trust Amity with a principal balance of US\$44.26 million. The Company has repaid US\$15.92 million till date (2019: US\$11.19 million) including interest thereon. The interest is computed for the actual number of days at a floating rate of 3-month LIBOR plus 1.90% per annum (basis 360 days). As at 31 March 2020, bank loan amounting to US\$33,670,697 (2019: US\$36,578,136) comprises outstanding loan principal of US\$33,935,542 (2019: US\$36,886,458) and prepaid upfront fees of US\$275,155 (2019: US\$308,322).

A reconciliation of liabilities arising from the Company's financing activities is as follows:

	2019 US\$	Cash flows US\$	Acquisition US\$	Non-cash changes Accretion of interests US\$	Other* US\$	2020 US\$
Bank loans						
- Current	11,731,754	(44,649,483)	-	389,514	78,568,744	46,040,529
- Non-current	78,568,744	-	-	-	(78,568,744)	-
Lease liabilities						
- Current	-	(7,742,584)	5,195,594	3,238,563	8,927,231	9,618,804
- Non-current	-	-	82,415,199	-	(8,927,231)	73,487,968
Total	90,300,498	(52,392,067)	87,610,793	3,628,077	-	129,147,301

	2018 US\$	Cash flows US\$	Non-cash changes Accretion of interests US\$	Other* US\$	2019 US\$
Bank loans					
- current	11,731,754	(11,867,400)	135,646	11,731,754	11,731,754
- non-current	90,300,498	-	-	(11,731,754)	78,568,744
Total	102,032,252	(11,867,400)	135,646	-	90,300,498

* The 'other' column relates to reclassification of non-current portion of bank loans and lease liabilities due to passage of time.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

21. Leases

The Company has lease contract for vessel and office (classified as 'leasehold building' in Note 10). The Company's obligations under the leases are secured by the lessor's title to the leased assets.

(a) *Carrying amounts of right-of-use assets classified within property, plant and equipment*

	Vessel US\$	Leasehold Building US\$	Total US\$
At 1 April 2019	—	—	—
Additions during the year	86,892,871	288,160	87,181,031
Depreciation during the year	(5,735,251)	(26,854)	(5,762,105)
At 31 March 2020	<u>81,157,620</u>	<u>261,306</u>	<u>81,418,926</u>

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are disclosed in loans and borrowings (Note 20) and the maturity analysis of lease liabilities is disclosed in Note 24(b).

(c) *Amounts recognised in profit or loss*

	2020 US\$
Depreciation of right-of-use assets	5,762,105
Interest expense on lease liabilities (Note 6)	3,238,562
Lease expense not capitalised in lease liabilities:	
- Expense relating to short term lease (included in operating expenses, Note 5)	<u>70,015</u>
Total amount recognised in profit or loss	<u>9,070,682</u>

(d) *Total cash inflow/outflows*

The Company had total cash inflows from sub-lease of US\$38,337 and outflows for lease payments of US\$ 7,742,584 during the year.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

22. Derivative financial instruments

	Contract/ Notional amount US\$	2020		Contract/ Notional amount US\$	2019	
		US\$			US\$	
		Assets US\$	Liabilities US\$		Assets US\$	Liabilities US\$
Interest rate swap	39,171,589	–	2,571,669	68,411,205	–	871,382
		–	2,571,669		–	871,382

Interest rate swap contracts receive floating interest equal to LIBOR 3M + 0% (2019: LIBOR 3M + 0%) p.a., pay a fixed rate of interest between a range of 2.26% to 2.81% (2019: 2.26% to 2.81%) p.a. and had an original maturity of six to nine years. The contracts are classified as current as they are expected to be settled with the prepayment of underlying loans (Note 20).

23. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

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

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

23. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2020			Total US\$	
	Quoted prices in active markets for identical instruments (Level 1) US\$	Significant observable inputs other than quoted prices (Level 2) US\$	Significant unobservable inputs (Level 3) US\$		
	Financial liabilities:				
	Derivative financial instruments				
- Interest rate swap	-	(2,571,669)	-	(2,571,669)	

	2019			Total US\$	
	Quoted prices in active markets for identical instruments (Level 1) US\$	Significant observable inputs other than quoted prices (Level 2) US\$	Significant unobservable inputs (Level 3) US\$		
	Financial liabilities:				
	Derivative financial instruments				
- Interest rate cap	-	(871,382)	-	(871,382)	

(c) *Level 2 fair value measurement*

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves

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 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.

24. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives for speculative purposes shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Refer to Note 13 for credit risk and other information in respect of trade receivables and other receivables as stated above are due from the parties under normal course of the business and as such Company believes exposure to credit risk is minimal.

Excessive risk concentration

The Company has significant concentration of credit risk with three (2019: three) customers which made up of 94% (2019: 99%) of its total trade receivables as at 31 March 2020.

The credit risk on liquid funds is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 13 and 14 (Trade and other receivables).

24. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As part of its overall liquidity management, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Liquidity risk analysis

The following tables details the expected maturity for non-derivative financial assets and liabilities.

The inclusion of information on non-derivative 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.

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 one year US\$	Within 2 to 5 years US\$	Adjustment US\$	Total US\$
Financial assets					
2020					
Non-interest bearing	–	43,160,150	112,000,000	(7,191,307)	147,968,843
Variable interest rate instruments	3.37	64,706,245	–	–	64,706,245
Sub-lease receivable		149,602	241,824	–	391,426
		108,015,997	112,241,824	(7,191,307)	213,066,514
2019					
Non-interest bearing	–	149,399,347	–	–	149,399,347
Variable interest rate instruments	3.48	25,667,890	–	–	25,667,890
Fixed interest rate instruments	2.20	6,003,616	–	(3,616)	6,000,000
		181,070,853	–	(3,616)	181,067,237

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

24. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Liquidity risk analysis (cont'd)

Non-derivative financial assets and liabilities

	Average effective interest rate %	On demand or within one year US\$	Within 2 to 5 years US\$	More than 5 years US\$	Adjustment US\$	Total US\$
Financial liabilities						
2020						
Non-interest bearing	—	54,009,154	—	—	—	54,009,154
Lease liabilities	—	9,618,804	37,938,454	60,924,379	(25,374,865)	83,106,772
Variable interest rate instruments	3.75	3,009,376	—	—	(99,892)	2,909,484
	3.45	9,679,828	—	—	(209,169)	9,470,659
	3.86	34,270,297	—	—	(609,909)	33,660,388
		110,587,459	37,938,454	60,924,379	(26,293,835)	183,156,457
2019						
Non-interest bearing	—	13,360,581	—	—	—	13,360,581
Variable interest rate instruments	3.91	5,560,770	20,459,048	4,668,011	(3,626,297)	27,061,532
	4.00	2,210,634	6,165,509	—	(771,118)	7,605,025
	3.70	3,114,108	13,859,581	4,886,007	(2,803,891)	19,055,805
	4.23	4,468,306	16,625,505	25,160,238	(9,675,913)	36,578,136
		28,714,399	57,109,643	34,714,256	(16,877,219)	103,661,079

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

24. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Derivative financial instruments

	On demand or within one year US\$	Within 2 to 5 years US\$	Total US\$
2020			
Non-interest bearing	2,571,669	–	2,571,669
2019			
Non-interest bearing	871,382	–	871,382

(c) *Foreign currency risk*

Foreign currency risk refers to the risk that arises from the movements in the foreign currency exchange rate against United States Dollars that will affect the Company's financial results and its cash flows. The Company's foreign currency exposures arise mainly from the exchange rate movements of Singapore Dollars and Indonesian Rupiah against United States Dollars.

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

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

	Assets		Liabilities	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Singapore Dollars	223,492	191,879	238,819	227,002
Indonesian Rupiah	94,297	105,594	–	–

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Trust Energy Resources Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 March 2020

24. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk (cont'd)*

If the relevant foreign currency strengthens by 10% against the United States Dollars, profit before income tax will increase/(decrease) by:

	2020	2019
	US\$	US\$
Singapore Dollars	(1,533)	(3,512)
Indonesian Rupiah	9,430	10,559

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Company.

(d) *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets.

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\$ 39,171,589 (2019: US\$ 68,411,205). Further details on the derivative agreement are disclosed in Note 22 to the financial statements.

If interest rates had been 50 basis points higher (lower) and all other variables were held constant, the Company's profit for the year ended 31 March 2020 would decrease (increase) by US\$36,079 (2019: US\$323,163) after excluding potential effects of changes in value of derivatives. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and trade financing.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

25. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 2019.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade and other payables, bank loans, less cash and cash equivalents. Capital includes equity attributable to the owner of the Company.

	Note	2020 US\$	2019 US\$
Trade payables	17	8,632,162	12,572,374
Other payables	18	45,993,536	7,736,337
Bank loans	20	46,040,529	90,300,498
Less: Cash and cash equivalents	15	(25,242,740)	(20,406,644)
Net debt		<u>75,423,487</u>	<u>90,202,565</u>
Equity attributable to the owner of the Company		278,938,183	259,127,899
Capital and net debt		<u>354,361,670</u>	<u>349,330,464</u>
Gearing ratio		<u>21%</u>	<u>26%</u>

26. Dividends

	2020 US\$	2019 US\$
<i>Declared and paid during the financial year:</i>		
<i>Dividends on ordinary shares:</i>		
- Interim dividend, net of tax out of retained earnings: Nil (2019: US\$0.046) per ordinary share	-	6,000,000

27. Distribution to holding company

Distribution to holding company represents the fair value adjustments arising from discounting of interest-free loan due from related company.

Trust Energy Resources Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2020**

28. Merger reserve

The merger reserve records the difference between the purchase consideration and net assets acquired from the amalgamation with its subsidiary company, Energy Eastern Pte Ltd, on 9 June 2019. Pursuant to the resolution, the Company agreed to acquire certain assets and liabilities for no consideration. The transaction is a business combination and are therefore, accounted for by applying the pooling of interest method as disclosed in Note 2.19 to the financial statements.

The book values of the identifiable assets and liabilities as at the acquisition date are as follows:

	2019
	US\$
Trade and other receivables	31,985,555
Other assets	230,989
Bank balance	2,271,532
Trade payables and other payables	(1,849,901)
Other liabilities	(132,453)
Short term borrowings	(24,690,000)
Total	<u>7,815,752</u>
Less: Investments in subsidiary	<u>10,139,000</u>
Merger reserve arising from business combination	<u>(2,323,278)</u>

29. Impact of COVID 19

The outbreak of Coronavirus (Covid-19) pandemic globally is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. The management has assessed and determined that Covid-19 does not have any material impact on the Company's financial position as at 31 March 2020 and its financial performance for the year then ended 31 March 2020.

The management also believes that Covid-19 impact, if any, will be restricted to short to medium term only and no long-term impact is expected on the Company. Hence, the Company is committed for the continuation of its business operations.

30. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 24 June 2020.

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	As at March, 2020	Exchange Rate	Amount	As at March, 2019	Exchange Rate	Amount
	USD		₹	USD		₹
ASSETS						
Non-current assets						
Investment in subsidiary	-	75.54	-	10,139,000	69.16	701,225,407
Investments in joint ventures	789,065	75.54	59,607,943	789,065	69.16	54,572,682
Property, plant and equipment	82,044,193	75.54	6,197,823,450	178,832,499	69.16	12,368,270,230
Other receivables and prepayments	105,050,517	75.54	7,935,778,680	87,538,450	69.16	6,054,264,248
Total Non-current assets	187,883,775	75.54	14,193,210,073	277,299,014	69.16	19,178,332,567
Non-current assets held for sale	171,166,251	75.54	12,930,326,516	1,664,661	69.16	115,129,952
Current assets						
Cash and cash equivalents	25,242,740	75.54	1,906,899,686	20,406,644	69.16	1,411,347,987
Trade receivables	63,653,069	75.54	4,808,511,965	33,393,030	69.16	2,309,502,026
Contract Assets	909,900	75.54	68,736,121	-	69.16	-
Other receivables and prepayments	19,677,740	75.54	1,486,505,674	39,927,175	69.16	2,761,411,336
Total current assets	109,483,449	74.91	8,201,917,325	93,726,849	69.16	6,482,261,349
TOTAL ASSETS	468,533,475	75.40	35,325,453,914	372,690,524	69.16	25,775,723,868
LIABILITIES AND EQUITY						
Non-current liabilities						
Loan and Borrowings	73,487,968	75.54	5,551,464,823	78,568,744	69.16	5,433,908,618
Total non-current liabilities	73,487,968	75.54	5,551,464,823	78,568,744	69.16	5,433,908,618
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	152,108,117	71.61	10,893,181,018	129,974,555	71.74	9,324,252,329
Merger Reserve	(2,323,278)	70.88	(164,684,632)	-	-	-
Exchange Difference	-	-	4,402,574,534	-	-	2,608,329,912
	278,938,183	75.72	21,120,085,125	259,127,899	69.16	17,921,596,446
Current liabilities						
Trade payables	8,632,162	75.54	652,095,098	12,572,374	69.16	869,520,473
Contract Liability	1,550,565	-	-	-	69.16	-
Other payables	45,993,536	75.54	3,474,466,693	7,736,337	69.16	535,054,351
Loan and Borrowings	55,659,333	75.54	4,204,645,163	11,731,754	69.16	811,382,185
Income tax payable	1,700,059	75.54	128,426,707	2,082,034	69.16	143,995,970
Derivative financial instruments	2,571,669	75.54	194,270,305	871,382	69.16	60,265,825
Total current liabilities	116,107,324	74.53	8,653,903,966	34,993,881	69.16	2,420,218,804
TOTAL LIABILITIES AND EQUITY	468,533,475	75.40	35,325,453,914	372,690,524	69.16	25,775,723,868

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020

	Year ended	Exchange	Amount	Year ended	Exchange	Amount
	March, 2020	Rate	₹	March, 2019	Rate	₹
	USD			USD		
Continuing operations						
Coal Sales	11,033,246	70.88	782,087,229	45,172,785	69.89	3,157,315,669
Freight income	90,577,136	70.88	6,420,524,055	42,907,317	69.89	2,998,972,596
Other Vessels operating income	30,175,662	70.88	2,138,989,731	25,310,732	69.89	1,769,073,365
Other operating income	13,827,970	70.88	980,190,122	92,084,320	69.89	6,436,159,879
Exchange gain/(loss)	(7,693)	70.88	(545,315)	103,400	69.89	7,227,060
Coal purchase	(11,003,874)	70.88	(780,005,207)	(44,674,589)	69.89	(3,122,494,658)
Freight expense	(68,061,335)	70.88	(4,824,500,507)	(34,492,718)	69.89	(2,410,840,930)
Vessel running costs	(7,531,267)	70.88	(533,850,849)	(6,510,238)	69.89	(455,027,877)
Staff and related costs	(1,034,956)	70.88	(73,362,442)	(1,197,001)	69.89	(83,663,427)
Operating expenses	(1,923,022)	70.88	(136,312,645)	(650,180)	69.89	(45,443,811)
Depreciation expenses	(15,072,667)	70.88	(1,068,419,971)	(9,309,000)	69.89	(650,645,108)
Finance Cost	(9,796,382)	70.88	(694,412,620)	(5,712,471)	69.89	(399,268,591)
Profit before income tax	31,182,818	70.88	2,210,381,581	103,032,357	69.89	7,201,364,167
Income tax expenses	(1,612,933)	70.88	(114,332,111)	(2,250,427)	69.89	(157,291,795)
Total Profit for the year, representing total comprehensive income for the year	29,569,885	70.88	2,096,049,470	100,781,930	69.89	7,044,072,372

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Year ended	Exchange	Amount	Year ended	Exchange	Amount
	March, 2020	Rate	₹	March, 2019	Rate	₹
	USD			USD		
Operating activities						
Profit before tax	31,182,818	70.88	2,210,381,581	103,032,357	69.89	7,201,364,167
Adjustment for:						
Depreciation expense	15,072,667	70.88	1,068,419,971	9,309,000	69.89	650,645,108
Interest expense	8,096,095	70.88	573,888,456	5,124,277	69.89	358,157,241
Marked to market loss on derivatives	1,700,287	70.88	120,524,164	588,194	69.89	41,111,349
Interest income	(3,513,574)	70.88	(249,058,288)	(3,812,936)	69.89	(266,502,111)
Gain on disposal of assets held-for-sale	-	70.88	-	(77,111,686)	69.89	(5,389,659,604)
Cash flows before changes in working capital	52,538,293	70.88	3,724,155,884	37,129,206	69.89	2,595,116,150
Changes in working capital:						
Trade receivables	3,265,293	70.88	231,458,988	26,080,279	69.89	1,822,860,236
Other receivables and prepayments	(931,619)	70.88	(66,037,440)	331,885	69.89	23,196,837
Trade payables	(6,499,325)	70.88	(460,702,053)	(13,596,567)	69.89	(950,321,173)
Other payables	38,467,339	70.88	2,726,741,938	5,431,716	69.89	379,645,444
Cash generated from operations	86,839,981	70.88	6,155,617,317	55,376,519	69.89	3,870,497,494
Interest received	792,432	70.88	56,171,225	1,410,264	69.89	98,569,274
Interest paid	(3,825,438)	70.88	(271,164,642)	(4,344,551)	69.89	(303,658,917)
Income taxes paid	(1,993,759)	70.88	(141,326,809)	(2,690,512)	69.89	(188,051,184)
Net cash from operating activities	81,813,216	70.88	5,799,297,091	49,751,720	69.89	3,477,356,667
Investing activities						
Purchase of property, plant and equipment	(604,922)	70.88	(42,879,654)	(30,659)	69.89	(2,142,886)
Receipt of sub lease	38,337	70.88	2,717,503	-	69.89	-
Loan to related company	(37,350,000)	70.88	(2,647,539,810)	(94,100,000)	69.89	(6,577,044,220)
Loan to subsidiary	-	70.88	-	(2,850,000)	69.89	(199,198,470)
Investment in Subsidiary	-	-	-	(10,139,000)	69.89	(708,657,294)
Repayment of Loan from subsidiary (EEPL)	3,060,000	70.88	216,906,876	-	69.89	-
Repayment from Loan from TERPL	8,000,000	70.88	567,076,800	-	69.89	-
Advance from sale of investment in subsidiary	-	70.88	-	75,000,000	69.89	5,242,065,000
Investment in subsidiary	-	70.88	-	-	69.89	-
Dividend received from Subsidiary	-	70.88	-	-	69.89	-
Amalgamation of subsidiary net of cash acquired	2,271,532	70.88	161,016,637	-	69.89	-
Net cash used in investing activities	(24,585,053)	70.88	(1,742,701,648)	(32,119,659)	69.89	(2,244,977,870)
Financing activities						
Repayment of borrowings from bank	(44,649,483)	70.88	(3,164,960,743)	(11,867,400)	69.89	(829,462,429)
Repayment of Lease Liability	(7,742,584)	70.88	(548,829,970)	-	69.89	-
Dividend paid to Shareholders	-	70.88	-	(6,000,000)	69.89	(419,365,200)
Net cash (used in) from financing activities	(52,392,067)	70.88	(3,713,790,713)	(17,867,400)	69.89	(1,248,827,629)
Net increase in cash and cash equivalents	4,836,096	70.88	342,804,730	(235,339)	69.89	(16,448,832)
Cash and cash equivalents at the beginning of the year	20,406,644	69.16	1,411,347,987	20,641,983	64.85	1,338,632,598
Effect of exchange fluctuation on cash and cash equivalents	-		152,746,969	-		89,164,221
Cash and cash equivalents at the end of the year	25,242,740	75.54	1,906,899,686	20,406,644	69.16	1,411,347,987

TRUST ENERGY RESOURCES PTE. LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Exchange Rate	Amount	Accumulated Profits	Exchange Rate	Amount	Merger Reserve	Exchange Rate	Amount	Total	Exchange Rate	Amount
	USD		₹	USD		₹	USD		₹	USD		₹
Balance as at April 1, 2018	129,153,344	46.37	5,989,014,205	40,048,399	75.88	3,038,935,596	-	-	-	169,201,743	53.36	9,027,949,801
Dividend paid during the year				(6,000,000)	69.89	(419,365,200)				(6,000,000)	69.89	(419,365,200)
Distribution to related company				(4,855,774)	69.89	(339,390,439)				(4,855,774)	69.89	(339,390,439)
Profit for the year, representing total comprehensive income for the year				100,781,930	69.89	7,044,072,372				100,781,930	69.89	7,044,072,372
Balance as at March 31, 2019	129,153,344	46.37	5,989,014,205	129,974,555	71.74	9,324,252,329	-	-	-	259,127,899	59.10	15,313,266,534
Dividend paid during the year				-	70.88	-				-	70.88	-
Distribution to related company				(7,436,323)	70.88	(527,120,781)				(7,436,323)	70.88	(527,120,781)
Amalgamation of fellow subsidiary							(232,3278)	70.88	(164,684,632)	(2,323,278)	70.88	(164,684,632)
Profit for the year, representing total comprehensive income for the year				29,569,885	70.88	2,096,049,470				29,569,885	70.88	2,096,049,470
Balance as at March 31, 2020	129,153,344	46.37	5,989,014,205	152,108,117	71.61	10,893,181,018	(2,323,278)	70.88	(164,684,632)	278,938,183	59.93	16,717,510,591