

NIPPON ISPAT SINGAPORE (PTE) LTD

(Registration number: 199303132W)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT

The directors are pleased to present their statement together to the members with the audited financial statements of **NIPPON ISPAT SINGAPORE (PTE) LTD** (the "company") for the financial year ended 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) 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 2016 and the financial performance, changes in equity and cash flows of the company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

2. DIRECTORS

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

Kamla Prasad s/o Ramjit Gwala
Rajkumar Sureka

3. 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 object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year had an interest in the share capital of the company and its related corporation as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 as stated below:

<u>Name of director</u>	<u>Number of ordinary shares with no par value</u>	
	<u>At beginning of year</u>	<u>At end of year</u>
Rajkumar Sureka	1	1

NIPPON ISPAT SINGAPORE (PTE) LTD

DIRECTORS' STATEMENT – cont'd

5. SHARE OPTIONS

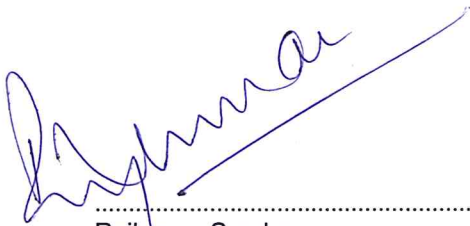

There were no share options granted during the financial year to subscribe for unissued shares of the company.

There were no shares issued during the financial year by virtue of the exercise of an option to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

6. AUDITOR

Rama & Co has expressed its willingness to accept re-appointment as auditor.


.....
Rajkumar Sureka
Director
.....
Kamla Prasad s/o Ramjit Gwala
Director

Date: - 9 MAY 2016



Rama & Co

Public Accountants &
Chartered Accountants
Singapore

17 Phillip Street
#05-02 Grand Building
Singapore 048695
Tel : 6538 7777
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email : rama@ramaco.com.sg

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NIPPON ISPAT SINGAPORE (PTE) LTD**

Report on the financial statements

We have audited the accompanying financial statements of **NIPPON ISPAT SINGAPORE (PTE) LTD** (the "company"), which comprise the statement of financial position of the company as at 31 March 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Independent auditors' responsibility

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

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

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

...2/-



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NIPPON ISPAT SINGAPORE (PTE) LTD – cont'd**

Basis for qualified opinion

The company's current liabilities exceeded its current assets by **S\$972,808**. The company does not have any operations or activities or defined future plans as at that reporting date to generate future revenue and profits. This indicated the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report of other legal and regularity requirements

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

RAMA & CO

**RAMA & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: **- 9 MAY 2016**



NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
ASSETS			
Current assets:			
Cash at bank	(8)	<u>798</u>	<u>823</u>
Total assets		<u>798</u>	<u>823</u>
EQUITY AND LIABILITY			
Equity:			
Share capital	(9)	<u>784,502</u>	<u>784,502</u>
Accumulated losses		<u>(1,757,310)</u>	<u>(1,752,500)</u>
Total equity		<u>(972,808)</u>	<u>(967,998)</u>
Current Liability:			
Other payables	(10)	<u>973,606</u>	<u>968,821</u>
Total current liability		<u>973,606</u>	<u>968,821</u>
Total equity and liability		<u>798</u>	<u>823</u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Revenue		-	-
Administrative expenses		<u>(4,810)</u>	<u>(16,351)</u>
Loss before income tax		(4,810)	(16,351)
Income tax expense	(11)	<u>-</u>	<u>-</u>
Loss for the year		(4,810)	(16,351)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(4,810)</u>	<u>(16,351)</u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital S\$	Accumulated Losses S\$	Total S\$
Balance as at 1 April 2014	784,502	(1,736,149)	(951,647)
Total comprehensive loss for the year	-	(16,351)	(16,351)
Balance as at 31 March 2015	784,502	(1,752,500)	(967,998)
Total comprehensive loss for the year	-	(4,810)	(4,810)
Balance as at 31 March 2016	784,502	(1,757,310)	(972,808)

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

NIPPON ISPAT SINGAPORE (PTE) LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u> S\$	<u>2015</u> S\$
Cash flows from operating activities		
Loss before income tax and working capital changes	(4,810)	(16,351)
Other payables	<u>4,785</u>	<u>16,351</u>
Net cash used in operating activities	<u>(25)</u>	<u>-</u>
Net decrease in cash at bank	(25)	-
Cash at bank at beginning of year	<u>823</u>	<u>823</u>
Cash at bank at end of year	<u>798</u>	<u>823</u>

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Nippon Ispat Singapore (Pte) Ltd (Registration number: 199303132W) is a limited private company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the company are to carry on the business of wholesale of metals and metal ores and general wholesale trade except general hardware.

The financial statements of the company for the year ended 31 March 2016 were authorised for issue in accordance with the directors' resolution dated 9 May 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

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

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

The fair value of financial assets and liabilities are disclosed in Note 5.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.1. Basis of Accounting

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

a) Adoption of new and revised FRSs and INT FRS

In the current financial year, the company has adopted the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual year beginning on 1 April 2015. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 32	Amendments to FRS 32: Offsetting of Financial Assets and Financial Liabilities	1 January 2016
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Current Assets	1 January 2016
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2016

The company expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2. Changes in Accounting Policies – cont'd

c) Improvements to FRSs issued in 2015

Improvements to FRSs issued in 2015 will become effective for the annual period beginning on or after 1 April 2015. The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The improvements to FRS that are relevant to the company are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 24	Key management personnel	1 July 2015
FRS 103	Scope exceptions for joint ventures	1 July 2015
FRS 113	Scope of paragraph 52 (portfolio exception)	1 July 2015

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

2.3 Functional and Presentation Currency

The management has determined that the currency of the primary economic environment in which the Company operates ("the functional currency") to be Singapore dollar. The financial statements of the Company are presented in Singapore dollar.

2.4 Foreign Currency Transactions

Transactions in foreign currencies are recorded using the foreign currency exchange rates ruling at the dates of the transactions. At the end of reporting date, monetary assets and liabilities are recorded at the foreign currency exchange rates ruling at that date. Non-monetary assets and liabilities measured at cost are measured using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities measured at fair value are measured at foreign exchange rates ruling at the dates the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.5 Impairment of Non-financial Assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

2.6 Income Taxes

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

a) Current Tax

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

b) Deferred Tax

Deferred tax is provided, using the balance sheet liability method on all 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.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.6 Income Taxes – cont'd

b) Deferred Tax

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is not 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 each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Related Party

A related party is a person or an entity related to the Company and is further defined as follows:

- a) A person or a close member of that person's family is related to the Company if that person:
 - i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity; or
 - iii) is a member of the key management personnel of the company or of a parent of the company.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.7 Related Party – cont'd

- b) An entity is related to a company if:
- i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
 - ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
 - iii) both entities are joint ventures of the same third party;
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
 - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS24.

2.8 Provisions

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

2.8 Provisions – cont'd

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

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

2.9 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

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

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.10 Events after the Reporting Period

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Effective interest method

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

3.2. Financial Assets

Financial assets within the scope of FRS 39 – Recognition and Measurement, are recognised on the statement of financial position when, and only when the company becomes a party to the contractual provisions of the financial instruments. The classification of financial assets depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

a) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivables and bank balances are classified within loans and receivables on the statements of financial position.

i) Other receivables

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

ii) Bank balances

Bank balances comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

b) Impairment of financial assets

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

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

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment not been recognised.

c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

3.3. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of an equity instrument and a financial liability.

a) Equity instruments

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Equity and Financial Liabilities – cont'd

b) Financial liabilities

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical Judgement in Applying the Company's Accounting Policies

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

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

Determination of functional currency

In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operate and process of determining sales prices. The company measures foreign currency transactions in the functional currency of the company.

4.2 Key Source of Estimation Uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the reporting period that have a significant effect on the amounts of assets and liabilities within the next financial year.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES

5.1 Categories of Financial Assets and Financial Liabilities

The categories of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	<u>2016</u> S\$	<u>2015</u> S\$
Financial assets		
Loan and receivables:		
- Cash at bank	<u>798</u>	<u>823</u>
Financial liabilities		
Amortised cost:		
- Other payables	<u>973,606</u>	<u>968,821</u>

5.2 Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The directors' meets periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal.

The company adopts a systematic approach towards risk assessment and management. Risk management is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, monitoring and reporting of risk profile.

a) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. No formal credit limits are imposed and credit risk is managed through regular monitoring of conduct of accounts. At the end of the reporting period, the company has no significant concentration of credit risk.

The company's bank balances as detailed in Note 8 to the financial statements, are held in a major financial institution which is regulated and located in Singapore, which the management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties. The main purpose of these financial instruments is to finance the company's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates which define the permitted financial instruments and facilities limits, all of which are approved by the Board of Directors.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.2 Financial Risks Management Policies and Objectives – cont'd

a) Credit risk

Financial assets that are neither past due nor impaired

Bank balances that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

b) Liquidity risk management

Liquidity risk management refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

The company is exposed to liquidity risk.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

<u>2016</u>	<u>Effective interest rate (%)</u>	<u>Less than 1 year S\$</u>	<u>Total S\$</u>
Financial liability			
Other payables	-	<u>973,606</u>	<u>973,606</u>
 <u>2015</u>	 <u>Effective interest rate (%)</u>	 <u>Less than 1 year S\$</u>	 <u>Total S\$</u>
Financial liability			
Other payables	-	<u>968,821</u>	<u>968,821</u>

c) Fair value of financial assets and financial liabilities

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

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVE – cont'd

5.2 Financial Risks Management Policies and Objectives – cont'd

d) Capital risk management policies and objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less cash at bank. Total capital is calculated as equity plus net debt. The company's overall strategy remains unchanged during the period.

	<u>2016</u> S\$	<u>2015</u> S\$
Other payables	973,606	968,821
Less: Cash at bank	<u>(798)</u>	<u>(823)</u>
Net debt	972,808	967,998
Total equity	<u>(972,808)</u>	<u>(967,998)</u>
Total capital	<u>-</u>	<u>-</u>
 Gearing ratio	 <u>N.M.</u>	 <u>N.M.</u>

N.M. – Not Meaningful

The company is not subject to externally imposed capital requirement.

6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of JSW Steel Limited, incorporated in India, which is also the company's ultimate holding company.

Related parties are entities with common direct or indirect shareholders and/or directors as that of the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

6. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS – cont'd

Some of the company's transactions and arrangements are between the companies and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

Significant transactions with holding company and related party are as follows:

	<u>2016</u> S\$	<u>2015</u> S\$
Amount due to holding company	<u>952,470</u>	<u>952,470</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

7. OTHER RECEIVABLES

	<u>2016</u> S\$	<u>2015</u> S\$
Amount due from a related party	1,019,981	1,019,981
Less: Provision for doubtful debt	<u>(1,019,981)</u>	<u>(1,019,981)</u>
	<u>-</u>	<u>-</u>

Amount due from a related party is unsecured, interest free and repayable on demand.

Other receivables are denominated in Singapore dollars, the functional currency of the company.

8. CASH AT BANK

	<u>2016</u> S\$	<u>2015</u> S\$
Cash at bank	<u>798</u>	<u>823</u>

Cash at bank are denominated in Singapore dollars.

9. SHARE CAPITAL

	<u>2016</u> <u>Number of ordinary shares</u>	<u>2015</u> <u>Number of ordinary shares</u>	<u>2016</u> S\$	<u>2015</u> S\$
Issued and Paid Up	<u>784,502</u>	<u>784,502</u>	<u>784,502</u>	<u>784,502</u>

NIPPON ISPAT SINGAPORE (PTE) LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

9. **SHARE CAPITAL – cont'd**

The fully paid ordinary shares which have no par values, carry one vote per share and a right to dividends as and when declared by the company.

10. **OTHER PAYABLES**

	<u>2016</u> S\$	<u>2015</u> S\$
Accruals	21,136	16,351
Amount due to holding company	<u>952,470</u>	<u>952,470</u>
	<u>973,606</u>	<u>968,821</u>

The amounts due to holding company are unsecured, interest free and repayable on demand.

The carrying amount of other payables, which approximate their fair value, are denominated in Singapore Dollars.

11. **INCOME TAX EXPENSE**

No provision for income tax is made in the financial statements of the company, as it has no trading income during the financial year.

12. **OTHER MATTERS**

At 31 March 2016, the company had assets of S\$798 {2015: Assets of S\$823}; liabilities of S\$973,606{2015: Liabilities of S\$968,821}; and net liabilities of S\$972,808 at 31 March 2016 {2015: Net Liabilities of S\$967,998}.

13. **EVENTS AFTER THE REPORTING PERIOD**

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the association for succeeding financial year.

NIPPON ISPAT SINGAPORE (PTE) LTD

DETAILED PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u> S\$	<u>2015</u> S\$
Revenue	-	-
Less: Administrative expenses		
Auditors Remuneration	1,200	3,800
Under provision of auditors remuneration – prior years	-	4,550
Bank charges	25	-
Professional fees	750	750
Secretarial fees	2,835	2,901
Under provision of secretarial fees – prior years	-	4,350
	<u>(4,810)</u>	<u>(16,351)</u>
Loss before income tax	<u>(4,810)</u>	<u>(16,351)</u>

This schedule does not form part of the audited statutory financial statements.