NAVIG8 LIMITED
(Domiciled in Bermuda)
AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2020

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

31 MARCH 2020

CONTENTS

CONTENTS	PAGE
Report of the Directors	1 - 2
Independent Auditor's Report	3 - 5
Consolidated Statement of Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8 - 9
Consolidated Statement of Cash Flows	10 - 11
Notes to the Consolidated Financial Statements	12 - 85

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

FOR THE FINANCIAL YEAR 31 MARCH 2020

REPORT OF THE DIRECTORS

Directors

Gary Paul Brocklesby
Nicolas Busch
Philip Andrew Stone
Jason Peter Klopfer
Garth Lorimer Turner (Appointed on 1 July 2019)

The directors present their report and the audited consolidated financial statements of Navig8 Limited and its subsidiaries (the "Group") for the financial year ended 31 March 2020.

Principal Activities

The principal activities of the Group are shipping-related, including shipowning and chartering, brokerage and commercial management, bunker trading, technical management and risk management.

Results for the Year

The results of the Group for the financial year are presented on page 6.

Dividends

The directors do not propose the payment of a dividend for the financial year.

Directors Responsibilities

The directors are responsible for preparing the consolidated financial statements of the Group for the financial year ended 31 March 2020 which give a true and fair view of the state of affairs of the Group and the results of the Group for the financial year then ended. In preparing these consolidated financial statements the directors have:

- selected suitable accounting policies and applied them consistently;
- made adjustments and estimates that are responsible and prudent;
- followed applicable accounting standards; and
- prepared the consolidated financial statements on a going concern basis.

REPORT OF THE DIRECTORS

Directors Responsibilities (cont'd)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to ensure that the consolidated financial statements comply with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Group by taking reasonable steps to prevent and detect fraud and other irregularities.

At the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Independent Auditors

Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

The report of the directors was authorised by the Board on 17 July 2020
and signed on its behalf by

Jason Peter Klopfer

Philip Andrew Stone

MOORE

MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of Navig8 Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated balance sheet of the Group as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors.

Our opinion on the consolidated 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 consolidated 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

(cont'd)

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
17 July 2020

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 US$'000	2019 US$'000
Revenue	5	3,616,178	3,150,250
Operating expenses	6	(3,412,520)	(3,044,946)
Write back of impairment/(impairment loss) on trade receivables, net	6	1,808	(2,758)
Profit from operations		205,466	102,546
Other income	7	2,247	1,261
Other expenses	8	(207)	(1,386)
Administrative expenses	9	(68,391)	(66,080)
Finance income	10	466	59
Finance costs	11	(60,012)	(21,940)
Share of profits/(losses) in associates	17	3,313	(4,136)
Share of profits in joint ventures	18	938	452
		83,820	10,776
Exceptional item			
Net gain on disposal of financial assets	16	-	2,327
Profit before income tax		83,820	13,103
Income tax expense	12	(1,952)	(2,230)
Net profit for the year		81,868	10,873
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain recognised on financial assets at fair value through other comprehensive income	16	6,294	1,459
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges – fair value losses	16	(1,465)	-
Other comprehensive income, net of tax		4,829	1,459
Total comprehensive income for the financial year		86,697	12,332
Net profit for the year attributable to:			
Owners of the Group		76,813	7,554
Non-controlling interests	25	5,055	3,319
		81,868	10,873
Total comprehensive income attributable to:			
Owners of the Group		81,642	9,013
Non-controlling interests	25	5,055	3,319
		86,697	12,332

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

	Note	2020 US$'000	2019 US$'000
ASSETS			
Non-Current Assets			
Goodwill	13	9,168	9,168
Vessels	14	726,708	460,433
Other fixed assets	15	2,454	3,474
Financial assets	16	-	8,175
Interests in associates	17	110,028	104,892
Interests in joint ventures	18	3,917	3,973
Right-of-use assets	19	135,343	-
		987,618	590,115
Current Assets			
Inventories	20	32,131	25,991
Trade and other receivables and prepayments	21	415,821	320,934
Accrued receivables	21	142,377	85,316
Financial assets	16	4,484	-
Cash and bank balances	22	156,880	75,553
		751,693	507,794
Total Assets		1,739,311	1,097,909
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	23	85,737	86,087
Reserves	24	169,039	88,172
Total equity attributable to the owners of the Group		254,776	174,259
Non-controlling interests	25	13,614	9,233
		268,390	183,492
Non-Current Liabilities			
Bank loans	26	1,126	1,689
Other borrowings	27	597,855	346,972
Lease liabilities	30	77,436	-
		676,417	348,661
Current Liabilities			
Bank loans	26	563	5,733
Other borrowings	27	94,213	49,395
Short-term borrowings	28	185,728	112,698
Trade and other payables	29	451,580	395,430
Income tax liabilities		1,715	2,500
Lease liabilities	30	60,705	-
		794,504	565,756
Total Liabilities		1,470,921	914,417
Total Equity and Liabilities		1,739,311	1,097,909

Director	**Director**
Jason Peter Klopfer	Philip Andrew Stone

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Attributable to equity owners of the Group					
	Share capital US$'000	Other reserves US$'000	Retained earnings US$'000	Total attributable to owners of the Group US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2019	86,087	(4,957)	93,129	174,259	9,233	183,492
Net profit for the year	-	-	76,813	76,813	5,055	81,868
Other comprehensive income	-	4,829	-	4,829	-	4,829
Total comprehensive income for the financial year	-	4,829	76,813	81,642	5,055	86,697
Buy back of shares (Note 23)	(350)	-	(413)	(763)	-	(763)
Dividends paid to non-controlling interest (Note 25)	-	-	-	-	(1,203)	(1,203)
Effect of dilution of interest in subsidiaries (Note 4(A))	-	340	(479)	(139)	501	362
Disposal of interest in subsidiaries (Note 4(A))	-	-	-	-	20	20
Exercise of share options	-	-	-	-	8	8
Purchase of treasury shares	-	(223)	-	(223)	-	(223)
Balance at 31 March 2020	85,737	(11)	169,050	254,776	13,614	268,390

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

(cont'd)

	Attributable to equity owners of the Group					
	Share capital US$'000	Other reserves US$'000	Retained earnings US$'000	Total attributable to owners of the Group US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 April 2018	86,237	(6,566)	85,935	165,606	8,419	174,025
Net profit for the year	-	-	7,554	7,554	3,319	10,873
Other comprehensive income	-	1,459	-	1,459	-	1,459
Total comprehensive income for the financial year	-	1,459	7,554	9,013	3,319	12,332
Dividends paid to non-controlling interest (Note 25)	-	-	-	-	(2,729)	(2,729)
Effect of dilution of interest in subsidiaries (Note 4(A))	-	150	(183)	(33)	196	163
Buy back of shares (Note 23)	(150)	-	(177)	(327)	-	(327)
Exercise of share options	-	-	-	-	28	28
Balance at 31 March 2019	86,087	(4,957)	93,129	174,259	9,233	183,492

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020 US$'000	2019 US$'000
Cash Flows from Operating Activities		
Profit before income tax and exceptional item	83,820	10,776
Adjustments for:		
Depreciation of right-of-use assets	28,954	-
Depreciation of vessels, other fixed assets and amortisation of dry-docking costs	25,774	8,793
Interest expense	59,554	21,520
Interest income	(466)	(59)
Impairment loss on trade receivables	8,052	4,426
Write back of impairment loss on trade receivables	(9,860)	(1,668)
Bad debts written off	5,981	717
Share of (profits)/losses in associates	(3,313)	4,136
Share of profits in joint ventures	(938)	(452)
Loss on disposal of financial assets	-	522
Other fixed assets written off	9	92
Unrealised foreign exchange loss	-	15
Dividends received from financial assets	(165)	(137)
Net loss on step acquisition of a former associate to a subsidiary	-	102
Loss on dissolution of an associate	-	31
Gain on disposal of interest in subsidiaries	(39)	-
Gain on disposal of other fixed assets	(8)	(2)
Operating cash flows before working capital changes	197,355	48,812
Changes in working capital:		
Inventories	(6,140)	(9,568)
Trade and other receivables and prepayments (including accrued receivables)	(157,210)	(97,039)
Trade and other payables	65,842	106,349
Cash generated from operations	99,847	48,554
Income tax paid	(2,737)	(3,664)
Interest received	466	59
Interest paid	(59,554)	(21,520)
Net cash generated from operating activities	38,022	23,429
Cash Flows from Investing Activities		
Payments for vessels and dry-docking costs	(290,614)	(255,980)
Purchase of other fixed assets	(437)	(2,740)
Proceeds from disposal of financial assets	14,469	26,131
Dividends received from associates and joint ventures	2,876	1,244
Payment for prepaid tax on share of profits in associates	(121)	-
Dividends received from financial assets	165	137
Additional investments in associates and joint ventures	(3,584)	(500)
Net cash outflow from disposal of interests in subsidiaries	(2,017)	-
Net cash inflow from step acquisition of a former associate to a subsidiary	-	82
Proceeds from disposal of other fixed assets	7	2
Purchase of financial assets	(5,949)	-
Net cash used in investing activities	(285,205)	(231,624)

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

(cont'd)

	2020 US$'000	2019 US$'000
Cash Flows from Financing Activities		
Dividends paid to non-controlling interest	(1,203)	(2,729)
Deposit pledged with financial institutions	(99)	(602)
Proceeds from exercise of share options	8	28
Proceeds from bank loans and other borrowings	364,689	231,953
Proceeds from short-term borrowing	73,030	18,213
Payment of bank loans and other borrowings	(80,873)	(35,486)
Loan to associates	-	(1,350)
Purchase of treasury shares	(223)	-
Payment for buy back of shares	(763)	(327)
Government grants received	-	364
Principal payment of lease liabilities	(26,155)	-
Net cash generated from financing activities	328,411	210,064
Net increase in cash and bank balances	81,228	1,869
Cash and bank balances at the beginning of the financial year	74,163	72,309
Effects of currency translation on cash and bank balances	-	(15)
Cash and bank balances at the end of the financial year (Note 22)	155,391	74,163

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

1 General

Navig8 Limited (the "Company") is a private limited company domiciled in Bermuda. The address of its registered office is 5th Fl, 41 Cedar Avenue, Hamilton HM12, Bermuda.

The Company is principally an investment holding company. The principal activities of the Company, its subsidiaries and joint ventures (collectively, the "Group") are shipping-related. It includes shipowning and chartering, brokerage and commercial management, bunker trading, technical management and risk management. Details of principal activities, countries of incorporation and extent of the Company's equity interest in subsidiaries are set out in Note 4 to the consolidated financial statements.

The Company has appointed its subsidiary, Navig8 Asia Pte. Ltd., to act as the commercial manager for its principal shipping-related activities. Navig8 Asia Pte. Ltd.'s registered office and principal place of business is 5 Shenton Way, #20-04 UIC Building, Singapore 068808.

The Group has no controlling party.

The board of directors has authorised the issue of the consolidated financial statements on the date of the Report of the Directors.

2 Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements which are expressed in United States dollar, have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may actually differ from these estimates. 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 3 to the consolidated financial statements.

2 **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 April 2019. Except for the adoption of IFRS 16, *Leases*, the effect of which is discussed below, the adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Group.

<u>IFRS 16, *Leases*</u>

IFRS 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

On 1 April 2019, the Group has applied a modified retrospective approach that does not restate comparative information. The Group elected an expedient offered by IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

The Group has, on a lease-by-lease basis:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

There are no significant changes to the accounting by the Group as a lessor.

2 **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

IFRS 16, Leases (cont'd)

For leases previously classified as operating leases, the Group chose to measure its ROU assets at a carrying amount as if IFRS 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 April 2019. The Group recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonable similar characteristics. The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 April 2019 is adjusted directly to opening retained earnings. Comparative information is not restated.

On 1 April 2019, the Group recognised right-of-use assets of US$8.8 million and lease liabilities of US$9.1 million. The Group reclassified accrued lease payment of US$0.3 million under operating lease arrangements to right-of-use assets.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is about 6.50% per annum.

The differences between the operating lease commitments disclosed applying IAS 17 in the Group's consolidated financial statements as at 31 March 2019 and the lease liabilities recognised in the consolidated balance sheet as at 1 April 2019 are presented below:

	Group US$'000
Operating lease commitments disclosed as at 31 March 2019	45,983
Less: Short term leases	(35,278)
Less: Non-cancellable leases with lease term commencing on or after 1 April 2019	(102)
Less: Discounted using the incremental borrowing rate at 1 April 2019	(1,465)
Lease liabilities recognised as at 1 April 2019	9,138

New and Revised IFRS Issued But Not Yet Effective

As at the date of these consolidated financial statements, the Group has not adopted the following amendments to standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8, *Definition of Material*	1 January 2020

2 **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised IFRS Issued But Not Yet Effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to IAS 1, *Classification of Liabilities as Current and Non-Current*	1 January 2022
Amendments to IFRS 3, Definition of a Business	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform	1 January 2020
Annual Improvements to IFRS Standards 2018-2020 Cycle - IFRS 9 Financial Instruments	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Provisions - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 16 Covid-19-Related Rent Concessions	1 June 2020

Management is of the view that the adoption of the amendments above will have no material impact on the consolidated financial statements in the period of initial application.

- Amendments to IAS 1 and IAS 8, *Definition of Material*

The amendments refine the definition of "material", provide guidance on its application, and align the definitions used across IFRS. Based on the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- Amendments to IFRS 3, *Business Combination: Definition of a business*

The amendments confirm that a business must include inputs and a process. The amendments also clarify that the process must be substantive, and the inputs and process must significantly contribute to creating outputs. The revised definition of a business focuses on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs. A new optional test is available to assess whether a business has been acquired, when the value assets acquired is concentrated in a single asset or group of similar assets.

2 **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

<u>New and Revised IFRS Issued But Not Yet Effective</u> (cont'd)

- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*

The amendments provide temporary relief to allow hedge accounting to continue for certain hedges during the period of uncertainty before replacement of an existing Interbank Offered Rate benchmark (IBOR) with an alternative nearly Risk Free Rates (RFRs). The amendments are mandatory for all hedging relationships directly affected by the IBOR reform. Companies are required to assume that the interest rate benchmark that is the subject of a hedge of interest rate risk is unaltered by the reforms.

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*

The amendments require that the classification of liabilities as current or non-current must be based on rights that are in existence at the end of the reporting period. The classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments clarify that a counterparty conversion option that is recognised separately as an equity component of a compound financial instrument does not affect the classification of the associated liability component as current or non-current. All other obligations to transfer equity instruments, cash, assets and liabilities, affect the classifications. The amendments should be applied retrospectively.

- IFRS 9 *Financial Instruments - Fees in the '10 per cent' test for derecognition*

This amendment clarifies that, for the purpose of performing the "10 per cent test" in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability that has been modified or exchanged. In determining those fees paid net of fees received, a borrower includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds Before Intended Use*

The amendments prohibit an entity deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

2 **Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

New and Revised IFRS Issued But Not Yet Effective (cont'd)

- Amendments to IAS 37 *Provisions - Onerous Contracts - Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

- Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The changes in the amendments to IFRS 3 Reference to the Conceptual Framework:

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- Amendments to IFRS 16 *Covid-19-Related Rent Concessions*

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports.

(b) Functional Currency and Foreign Currency Translation

Functional and presentation currency

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group are presented in United States dollar, which is also the functional and presentation currency of the Company. All values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2 **Significant Accounting Policies** (cont'd)

(b) Functional Currency and Foreign Currency Translation (cont'd)

Translation and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

i. assets and liabilities are translated at the closing rates at the reporting date;

ii. income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

iii. all resulting exchange differences are recognised in other comprehensive income, and accumulated in the currency translation reserve within equity. These currency translation differences are reclassified to profit or loss as disposal or partial disposal (i.e. loss of control) of the entity giving rise to such reserve. Any currency translation differences that have previously been attributed to non-controlling interests are de-recognised, but they are not reclassified to profit or loss.

(c) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group 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.

2 **Significant Accounting Policies** (cont'd)

(c) Revenue Recognition (cont'd)

A contract asset (accrued receivables) is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Customer presents the contract as a contract liability (deferred income) when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Bunker trading income

Bunker trading income is recognised at a point in time when the ownership of the bunkers has been transferred to the customer.

Voyage charter freight income

Voyage charter freight income is recognised over time as the performance obligation is satisfied, based on the percentage of completion method calculated on a load-to-discharge basis over the voyage period. The Group capitalised any pre-voyage related costs as they were incremental and expected to be recovered. Full provision is made for any losses on voyages in progress at the reporting date.

Time and bareboat charter income

Time charter and bareboat charter income is recognised on a time-apportioned basis over the charter period. Provision is made for all charter-hire receivables on the reporting date in respect of time charter voyages in progress.

Commission income and administration fees

Commission income relates to the commercial and technical management services provided. Commission income is recognised on completion of the related voyage or charter period. Sale and purchase commission income relates to the services provided for newbuilding vessels. It is recognised in line with the payment of instalments to shipyards. Administration fees are recognised over time based on vessel trading days for vessels under management.

Pool revenue and expenses

Pool revenue is measured based on a time charter equivalent basis based on voyage returns adjusted for off-hire days and pool score allocated to each vessel on entry into the Pools. Pool revenue and voyage expenses are recognised in accordance with the earnings allocated to the Group's vessels.

2 **Significant Accounting Policies** (cont'd)

(c) Revenue Recognition (cont'd)

Management fees

Management fees are recognised over the service period.

Gain from derivatives trading

Gain from derivatives trading comprises all fair value gains or losses resulting from financial derivatives contracts and securities trading. All open contracts and securities are marked to market based on settlement prices.

Interest income

Interest income is recognised on an accrued basis using the effective interest method.

(d) Employee Benefits

Short-term benefits

All short-term employee benefits including accumulating compensated absences are recognised in profit or loss in the period in which the employees rendered their services to the Group.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current period. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

Employee leave entitlement

Employees' entitlement to annual leave is recognised when accrued. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(e) Interest Expense

Interest expense is recognised in profit or loss using the effective interest method except for those costs that are directly attributable to bank loans acquired specifically for the acquisition or construction of qualifying assets. The actual borrowing cost incurred for such qualifying assets during the relevant period are capitalised in the cost of the qualifying assets.

2 **Significant Accounting Policies** (cont'd)

(f) Income Taxes

Tax expense comprises income tax and deferred tax.

Income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amount expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the year in which the liability is settled or the asset utilised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unutilised allowances and losses, to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

(g) Subsidiaries

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to 31 March.

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the subsidiaries financial statements to ensure consistency of accounting policies with that of the Group.

2 **Significant Accounting Policies** (cont'd)

(g) Subsidiaries (cont'd)

Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest and fair value of the previous equity interest measured is less than the fair value of the net identifiable assets of the acquiree in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2 Significant Accounting Policies (cont'd)

(h) Non-Controlling Interest

Non-controlling interest represents equity in subsidiaries not attributable, directly or indirectly, to owners of the Group. These are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

(i) Inventories

Inventories comprising bunkers on board vessels are stated at lower of cost or net realisable value. The cost is determined using the first-in, first-out basis. The net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Investments in Associates and Joint Ventures

Associate companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. 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.

Investments in associate companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Acquisitions

Investments in associate companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate companies and joint ventures represents the excess of the cost of acquisition of the associate or joint venture over the Group's share of the fair value of the identifiable net assets of the associate or joint venture and is included in the carrying amount of the investments.

2 **Significant Accounting Policies** (cont'd)

(j) Investments in Associates and Joint Ventures (cont'd)

Acquisitions (cont'd)

Negative goodwill (i.e. excess of the Group's share of the net fair value of the associate or joint venture's identifiable assets and liabilities over the cost of the investment) is included as income as part of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies and joint venture's post acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate company or joint venture equals to or exceeds its interest in the associate company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate company or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits are equal to the share of losses not recognised.

Unrealised gains on transactions between the Group and its associate companies and joint ventures are eliminated to the extent of the Group's interest in the associate companies and joint ventures.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associate companies and joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Disposals

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

2 Significant Accounting Policies (cont'd)

(j) Investments in Associates and Joint Ventures (cont'd)

Disposals (cont'd)

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

(k) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any asset held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

2 Significant Accounting Policies (cont'd)

(l) Goodwill

Goodwill represents the excess of the cost of investments in subsidiaries over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition. Goodwill arising from the acquisition of subsidiaries is recognised separately as an intangible asset and carried at cost less accumulated impairment losses.

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(m) Vessels

Vessels are stated at cost less accumulated depreciation and accumulated impairment losses if any.

The cost includes the acquisition cost, pre-delivery costs and any directly attributable costs of bringing the vessels to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures are added to the carrying amount of the vessel only when it is probable that future economic benefits associated with the costs will flow to the Group and the cost can be measured reliably. All other routine repair and maintenance expenses are recognised in profit or loss when incurred.

Vessels under construction are stated at cost, less any recognised impairment loss in accordance with the installment payments agreed upon.

On disposal of a vessel, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation is provided on a straight-line basis on carrying amounts less residual values, over the estimated useful life of 25 years, in accordance with common industry practice.

2 **Significant Accounting Policies** (cont'd)

(m) Vessels (cont'd)

Residual values are based on lightweight tonnage and the market price for scrap steel paid on demolition of tankers as at the balance sheet date. The residual values and useful lives are reviewed and adjusted as appropriate, at each balance sheet date.

(n) Drydocking and Special Survey Costs

Drydocking and special survey costs are capitalised and depreciated on a straight-line basis over the estimated period (generally between 3 to 5 years) to the next drydocking.

(o) Other Fixed Assets (including Right-of-use assets)

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of the assets comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of other fixed assets, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Other fixed assets are depreciated over the following periods on a straight line basis less any recognised impairment loss:

	Useful lives
Office equipment	5 years
Furniture and fittings	3-5 years
Computer equipment	3 years
Motor vehicles	5 years
Office premises	2-10 years
Time-chartered vessels	2-5 years

The residual values, estimated useful lives and depreciation method of other fixed assets are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2 **Significant Accounting Policies** (cont'd)

(p) Impairment of Non-Financial Assets, excluding Goodwill

At each balance sheet date, the Group reviews the carrying amount of its tangible assets to determine whether there is any objective evidence or indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purpose of impairment testing, the recoverable amount is the higher of fair value less costs of disposal and value in use and is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying value, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(q) Financial Assets

<u>Classification and Measurement</u>

The Group classifies its financial assets in the following measurement categories:
- Amortised costs;
- Fair value through other comprehensive income; and
- Fair value through profit or loss.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirely when determining their cash flows are solely payment of principal and interest.

Initial Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions 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.

2 **Significant Accounting Policies** (cont'd)

(q) Financial Assets (cont'd)

Classification and Measurement (cont'd)

Initial Recognition (cont'd)

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

Subsequent Measurement

i. Debt instruments

The subsequent measurement categories depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

For debt instruments measured at amortised cost, these are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

For debt instruments measured at fair value through profit or loss, the movement in fair values and interest income that is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

ii. Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as fair value through profit or loss with movements in their fair values recognised in profit or loss, except where the Group has elected to classify the investments at fair value through other comprehensive income. Dividends from equity investments are recognised in profit or loss. On disposals, the cumulative gain or loss of the investments will be transferred directly to retained earnings.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with the financial assets measured at amortised costs and intra-group financial guarantee contracts.

2 **Significant Accounting Policies** (cont'd)

(q) Financial Assets (cont'd)

Impairment (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit loss – represents the expected credit loss that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime expected credit loss – represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - Trade receivables

The Group applies the simplified approach to provide expected credit losses for all trade receivables as permitted by IFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

General approach - Other financial instruments and financial guarantee contracts

The Group applies the general approach to provide for expected credit losses on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month expected credit losses at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime expected credit losses. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit losses.

2 Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

Impairment (cont'd)

General approach - Other financial instruments and financial guarantee contracts (cont'd)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. The evidence includes the observable data about the significant financial difficulty of the borrower and default or past due event.

Measurement of expected credit losses

Expected credit losses are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

Recognition and De-recognition

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset measured at amortised cost, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2 **Significant Accounting Policies** (cont'd)

(r) Cash and Bank Balances

Cash and bank balances comprise cash on hand, short-term bank deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and bank balances are shown net of restricted bank deposits.

(s) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

Preference shares are classified as equity as they are non-redeemable or redeemable only at the Company's option, and any dividends are discretionary.

The Company's own ordinary and preference shares, which were re-acquired by the Company were cancelled and the amount equivalent to their nominal value was shown as a movement in share capital. The premium paid on the shares repurchased and cancelled was charged against retained earnings. No gain or loss is recognised in profit or loss on the cancellation of shares.

(t) Treasury Shares

When an entity within the Group purchases the company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the company, or against the retained profits of the company if the shares are purchased out of earnings of the company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2 **Significant Accounting Policies** (cont'd)

(u) Leases

Accounting policies applicable from 1 April 2019

- When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for re-measurement of lease liabilities. The cost of Right-of-use assets includes the initial measurement of lease liabilities adjusted for any lease payment made at or before the commencement dates, plus any initial direct costs incurred less any lease incentives received. Any initial cost that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. Right-of-use asset is depreciated using the straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less and leases of low value assets. Lease payment relating to these leases are expensed to the income statement on a straight-line basis over the lease term.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain to exercise the option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components.

2 **Significant Accounting Policies** (cont'd)

(u) Leases (cont'd)

Accounting policies applicable from 1 April 2019 (cont'd)

- When the Group is the lessee (cont'd)

Lease liabilities are measured at amortised cost, and are re-measured when:
- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a modification to the lease term.

When lease liabilities are re-measured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are include in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

- When the Group is the lessor

Leases where the Group retains a significant portion of the risks and rewards incidental to ownership are classified as operating leases. Income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as income in the profit or loss when earned.

Accounting policies applicable up to 31 March 2019

- When the Group is the lessee

Finance leases

Property, plant and equipment leases in which a significant portion of the risks and rewards of ownership are transferred by the lessor to the Group are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2 **Significant Accounting Policies** (cont'd)

(u) Leases (cont'd)

Accounting policies applicable up to 31 March 2019 (cont'd)

- When the Group is the lessee (cont'd)

The corresponding rental obligations, net of finance charges, are included in other current and non-current liabilities. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. Instead, it shall be deferred and amortised over the lease term. If the leaseback is an operating lease, and the lease payments and the sale price are at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.

IFRS 9 is applied for the collateralised financial liabilities that are resulted from sale and leaseback transactions that do not contain a lease in substance. The liability is amortised at cost, each lease payment is allocated between the liability and finance charges according to the effective interest method.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charge to profit or loss on a straight-line basis over the period of the lease.

Arrangements' containing a lease agreement

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. In order to determine if the arrangement includes a finance lease component or other lease agreement the criteria in IFRIC 4 'Determining whether an Arrangement contains a Lease' is used. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether:

(a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
(b) the arrangement conveys a right to use the asset.

If the arrangement includes a lease, IAS 17 is applied to determine whether it is an operating or finance lease as described above. Other elements of the arrangement are recognised according to the relevant standards.

2 **Significant Accounting Policies** (cont'd)

(u) Leases (cont'd)

Accounting policies applicable up to 31 March 2019 (cont'd)

- When the Group is the lessor

Income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

(v) Financial Liabilities

Classification

The Group classifies its financial liabilities either as financial liabilities at fair value through profit or loss or as other financial liabilities (for Trade and Other Payables, Bank Loans, Short-term and Other Borrowings and Finance Lease Obligations). The classification depends on the substance of the contractual arrangements entered into and the definition of a financial liability. Financial liabilities are recognised initially at fair value plus, in the case of a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner prescribed in Note 33 to the consolidated financial statement.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

i. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the hybrid contract (asset or liability) to be designated as at fair value through profit or loss.

2 **Significant Accounting Policies** (cont'd)

(v) Financial Liabilities (cont'd)

Other financial liabilities

- Trade and other payables

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

- Bank loans

  Bank loans are recognised initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the tenure of the loans using the effective interest method.

- Short-term and other borrowings

  Short-term and other borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost.

(w) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

(x) Preference Share Dividends

Preference share dividends are recognised as a liability when declared at the Annual General Meeting by the Company's shareholders.

(y) Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2 **Significant Accounting Policies** (cont'd)

(y) Borrowing Costs (cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(z) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the key management whose members are responsible for allocating resources and assessing performance of the operating segments.

(aa) Derivatives Financial Instruments and Hedging Activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivatives is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

(bb) Fair Value Estimation of Financial Assets and Liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

2 Significant Accounting Policies (cont'd)

(bb) Fair Value Estimation of Financial Assets and Liabilities (cont'd)

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

(cc) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

a. A person or a close member of that person's family is related to a reporting entity 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 reporting entity or of an parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity 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 venture 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. the entity is controlled or jointly controlled by a person identified in (a);
   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); or
   viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets and liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of the Group's goodwill as of 31 March 2020 amounted to US$9.2 million (2019: US$9.2 million). Further details are given in Note 13 to the consolidated financial statements. If the estimated future cash flows for the cash generating unit related to the goodwill are reduced by 10% compared to management's estimates, the net present value remains above the current book value and there would be no impact on the Group's results for the financial years ended 31 March 2020 and 2019.

(ii) Impairment of non-financial assets

The Group assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indication exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of the asset is estimated to determine the impairment loss. In making this judgment, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In determining the fair value less costs of disposal, the Group has obtained valuation reports from third party source. The valuation of the vessels was prepared assuming a sale between a willing seller and a willing buyer on a charter-free basis.

The carrying amount of the Group's vessels and right-of-use assets as of 31 March 2020 amounted to US$726.7 million (2019: US$460.4 million) and US$135.3 million (2019: Nil) respectively. No impairment loss has been recognised for the financial years ended 31 March 2020 and 2019. Further details are given in Note 14 and 19 to the consolidated financial statements.

3 **Critical Accounting Estimates, Assumptions and Judgments** (cont'd)

(a) Key Sources of Estimation Uncertainty (cont'd)

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

For the value in use calculations, if the estimated revenue from future cash flows for the Group's vessels are reduced by 10% compared to management's estimates, there would be no impact on the Group's results for the financial years ended 31 March 2020 and 2019.

The carrying amount of the Group's interest in associates and joint ventures as of 31 March 2020 amounted to US$110.0 million (2019: US$104.9 million) and US$3.9 million (2019: US$4.0 million) respectively. No impairment loss has been recognised for the financial years ended 31 March 2020 and 2019. Further details are given in Notes 17 and 18 to the consolidated financial statements.

(iii) Useful lives of vessels, other fixed assets and right-of-use assets Residual value of vessels

The Group determines the estimated useful lives and related depreciation charges for its vessels, other fixed assets and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of these non-financial assets of a similar nature and function. Changes in the remaining useful life of the non-financial assets and residual value, determined based on year end scrap rates, technical innovations and competitor actions, would result in an adjustment to the current and future rate of depreciation through profit or loss. Management will increase the depreciation charge where useful lives are less than previously estimated. Management will write-off or write-down technically obsolete assets.

The carrying amount of the Group's vessels, other fixed assets and right-of-use assets as of 31 March 2020 was US$864.5 million (2019: US$463.9 million). Further details are given in Notes 14, 15 and 19 to the consolidated financial statements.

If depreciation on the vessels, other fixed assets and right-of-use assets are increased by 10% from management's estimates, the Group's results for the current financial year will decrease by US$5.5 million (2019: US$0.9 million).

(b) Critical Judgments in applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgments that are expected to have a significant effect on the amounts recognised in the consolidated financial statements are discussed below.

3 **Critical Accounting Estimates, Assumptions and Judgments** (cont'd)

(b) Critical Judgments in applying Accounting Policies (cont'd)

(i) Loss allowance for receivables (including accrued receivables)

The Group measures the loss allowance for receivables in accordance with the accounting policy as disclosed in Note 2(q). In making this estimation and judgement, the Group evaluates, among other factors, the ageing analysis of receivables, the financial healthiness and collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macro-economic indicators, etc.

The carrying amount of the Group's total trade and other receivables and accrued receivables as of 31 March 2020 amounted to US$385.6 million (2019: US$317.2 million) and US$142.4 million (2019: US$85.3 million) respectively. The information about the expected credit losses on the Group's trade and other receivables and accrued receivables are disclosed in Notes 21 and 33 to the consolidated financial statements.

During the current financial year, the Group provided an impairment loss on trade receivables of US$8.1 million (2019: US$4.4 million) and write-back of impairment loss of US$9.9 million (2019: US$1.7 million).

(ii) Leases

In making an evaluation, judgment is used in determining lease classification in accordance with Note 2(u).

At the reporting date, the Group entered into contracts with third parties for the sale of vessels under construction and vessels. The Group further entered into bareboat charter agreements for these vessels. Management has assessed that the agreements entered into between the Group and third parties do not qualify for sale-leaseback accounting, either as a result of a purchase obligation or as a result of a purchase option which constitutes a form of continuing involvement by the Group in the vessel. In the case of the purchase options, the Group has applied its judgment and determined that the exercise of purchase options is "almost certain" and treated the lease as a financing arrangement. Further details are set out in Notes 14 and 27 to the consolidated financial statements.

(iii) Contingencies

The Group is involved from time to time in the course of its business in disputes resulting from its operating activities, which may or may not result in legal action being taken by or against the Group.

Based on consultations with its legal counsel, management considers the likely outcome of the disputes in which it is currently involved and has concluded it will not have a material impact on the Group's consolidated financial statements.

4 Organisation and Trading Activities

The Group's operations were carried out during the financial year through main offices in Singapore, the United Kingdom, United States of America, India, China, United Arab Emirates ("UAE"), Greece, Germany, Norway and Japan.

(A) Subsidiaries

The principal subsidiaries are as follows:

	Country of incorporation	Percentage of Holding 2020	Percentage of Holding 2019	
		%	%	
(i) Investment holding				
Apollo Shipping Inc	Marshall Islands	100	100	(e)
Crew Management Pte Ltd	Singapore	100	100	(b)
Navig8 Asset Co Investments Inc	Marshall Islands	100	100	(e)
Navig8 Asset Holdings Inc	Marshall Islands	100	100	(e)
Navig8 Asset Management Holdings Inc	Marshall Islands	100	100	(e)
Navig8 Chemical Tanker Holdings Inc	Marshall Islands	100	100	(e)
Navig8 Group Holdings Inc	Marshall Islands	100	100	(e)
Navig8 Pool Holdings Inc	Marshall Islands	100	100	(e)
Navig8 Commercial Services Ltd	Marshall Islands	100	100	(e)
Navig8 Technical Management Holding Inc	Marshall Islands	100	100	(e)
Navig8 Topco Holdings Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation Ltd	Marshall Islands	100	100	(e)
Integr8 Fuels Holding Inc	Marshall Islands	84.8	85.4	(e), (j)
Navig8 Offshore Inc	Marshall Islands	-	84	(i)
Navig8 Chemicals Services Ltd	Marshall Islands	65	65	(e)
Technical Investments Inc	Marshall Islands	100	-	(e), (g)
TBM Holdings Inc	Marshall Islands	100	-	(e), (g)
GreenSeas Holdings Inc	Marshall Islands	90	-	(e), (g), (k)
Marine Software Developments Inc	Marshall Islands	100	-	(e), (g)
(ii) Ship chartering				
Navig8 Faith Corporation	Marshall Islands	100	100	(e)
Navig8 Fidelity Corporation	Marshall Islands	100	100	(e)
Navig8 Inc	Marshall Islands	100	100	(e)
Navig8 Pte Ltd	Singapore	100	100	(b)

4 Organisation and Trading Activities (cont'd)

(A) Subsidiaries (cont'd)

The principal subsidiaries are as follows: (cont'd)

	Country of incorporation	Percentage of Holding 2020 %	2019 %	
(ii) Ship chartering (cont'd)				
Navig8 Stealth Corporation	Marshall Islands	100	100	(e)
Navig8 Stealth II Corporation	Marshall Islands	100	100	(e)
Navig8 Strength Corporation	Marshall Islands	100	100	(e)
Navig8 Success Corporation	Marshall Islands	100	100	(e)
Navig8 Bulk Pool Inc	Marshall Islands	100	100	(a), (f)
Navig8 Chemicals Pool Inc	Marshall Islands	100	100	(a), (f)
Navig8 Pool Inc	Marshall Islands	100	100	(a), (f)
RK8 Offshore Pool Inc	Marshall Islands	-	100	(i)
V8 Pool Inc	Marshall Islands	100	100	(a), (f)
VL8 Pool Inc	Marshall Islands	100	100	(a), (f)
Pythagoras Corporation 9 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 10 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 11 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 12 Inc	Marshall Islands	100	100	(e)
(iii) Ship owning				
Apollo Shipping 1 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 2 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 3 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 4 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 5 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 6 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 7 Inc Corporation	Marshall Islands	100	100	(e)
Apollo Shipping 8 Inc Corporation	Marshall Islands	100	100	(e)
Straits Shipping 2 Corporation	Marshall Islands	100	100	(e)
Navig8 Constellation Corporation	Marshall Islands	100	100	(e)
Navig8 Universe Corporation	Marshall Islands	100	100	(e)
Pythagoras Corporation 1 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 2 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 3 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 4 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 5 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 6 Inc	Marshall Islands	100	100	(e)

NAVIG8 LIMITED
(Domiciled in Bermuda)

AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

4 **Organisation and Trading Activities** (cont'd)

(A) Subsidiaries (cont'd)

The principal subsidiaries are as follows: (cont'd)

	Country of incorporation	Percentage of Holding 2020 %	2019 %	
(iii) Ship owning (cont'd)				
Pythagoras Corporation 7 Inc	Marshall Islands	100	100	(e)
Pythagoras Corporation 8 Inc	Marshall Islands	100	100	(e)
Herakleitos 3050 LLC	Marshall Islands	100	100	(e)
(iv) Brokerage and Commercial management				
Navig8 America LLC	USA	100	100	(d)
Navig8 Asia Pte Ltd	Singapore	100	100	(b)
Navig8 DMCC	Dubai	100	100	(c)
Navig8 Europe Ltd	United Kingdom	100	100	(d)
Navig8 Greece Inc	Marshall Islands	100	100	(d)
Navig8 India Private Limited	India	100	100	(c)
VL8 Management Inc	Marshall Islands	100	100	(e)
Navig8 Bulk Asia Pte Ltd	Singapore	100	100	(b)
Navig8 Bulk Europe Ltd	United Kingdom	100	100	(d)
Navig8 Chemicals America LLC	USA	65	65	(d)
Navig8 Chemicals Asia Pte Ltd	Singapore	65	65	(b)
Navig8 Chemicals DMCC	Dubai	65	65	(c)
Navig8 Chemicals Europe Ltd	United Kingdom	65	65	(d)
RK8 Offshore Africa Holdings Ltd	Marshall Islands	-	84	(i)
RK8 Offshore Pte Ltd	Singapore	-	84	(i)
GreenSeas Leasing Pte Ltd	Singapore	90	-	(b), (g), (k)
(v) Risk management				
Navig8 Risk Management Pte Ltd	Singapore	100	100	(b)
(vi) Technical management				
Suntech Ship Management Pte Ltd	Singapore	-	100	(h)

4 **Organisation and Trading Activities** (cont'd)

(A) Subsidiaries (cont'd)

The principal subsidiaries are as follows: (cont'd)

	Country of incorporation	Percentage of Holding 2020 %	2019 %	
(vi) Technical management (cont'd)				
Suntech Crew Management Private Ltd (fka Navig8 Ship Management Services Private Limited)	India	-	100	(h)
RK8 Offshore Ship Management Pte Ltd	Singapore	-	84	(i)
(vii) Bunker trading				
Integr8 Fuels Inc	Marshall Islands	84.8	85.4	(e), (j)
(viii) Bunker brokerage				
Integr8 Fuels America LLC	USA	84.8	85.4	(d), (j)
Integr8 Fuels Asia Pte Ltd	Singapore	84.8	85.4	(b), (j)
Integr8 Fuels DMCC	Dubai	84.8	85.4	(c), (j)
Integr8 Fuels Europe Ltd	United Kingdom	84.8	85.4	(d), (j)
Integr8 Fuels Germany GmbH	Germany	84.8	85.4	(d), (j)
Integr8 Fuels Greece S.A.	Greece	84.8	85.4	(d), (j)
Integr8 Fuels India Private Limited	India	84.8	85.4	(c), (j)
Integr8 Fuels Japan KK	Japan	84.8	85.4	(c), (j)
Integr8 Fuels Oslo AS	Norway	84.8	85.4	(d), (j)
Integr8 Turkey Akaryakit Tic.Ltd.	Turkey	84.8	85.4	(e), (j)
Integrate Fuels LLC	Dubai	84.8	85.4	(c), (j)
Engine Technologies Pte Ltd	Singapore	100	-	(b), (g)

(a) The activities of the Pool companies are regarded as jointly-controlled operations. The assets and liabilities attributable to the Group's vessels operating in the jointly-controlled operations are consolidated in the Group's financial statements.

(b) Audited by Moore Stephens LLP, Singapore.

(c) Audited by a member firm of Moore Global Network Limited of which Moore Stephens LLP, Singapore is a member.

4 **Organisation and Trading Activities** (cont'd)

(A) Subsidiaries (cont'd)

(d) Audited by BDO LLP (London).

(e) Subsidiary companies which are not required to be audited by the law in their country of incorporation. However, the financial statements were audited in accordance with IFRS for consolidation purposes by Moore Stephens LLP, Singapore.

(f) Audited by PricewaterhouseCoopers, Singapore.

(g) Newly incorporated during the current financial year.

(h) During the current financial year, the Group disposed its interest in these companies ("Technical management subsidiaries"). Upon disposal, the Group through a subsidiary acquired 50% equity interest in Suncorp Holdings Inc. Suncorp Holdings Inc, a joint venture took over the ownership of these Technical management subsidiaries. (Note 18).

(i) During the current financial year, the Group disposed 100% interest in these companies ("Offshore group subsidiaries").

(j) During the current financial year, the Group's share of interest was diluted from 85.4% to 84.8%, following the issuance and vesting of share options in Interg8 Group.

(k) At the reporting date, a 10% interest was held by a non-controlling interest.

Adjustment of interest in subsidiaries

During the current financial year, the Group's interest was diluted by the issuance and vesting of share options in Integr8 Group. The Group's effective interest in Integr8 Group was accordingly reduced from 85.4% to 84.8% (2019: 85.8% to 85.4%). This did not result in loss of control, and accordingly, the decrease of the interest in the subsidiaries has been accounted for as an equity transaction and the effect of the change of the Group's effective interest in Integr8 Group on the equity attributable to equity holders of the Company was as follows:

	2020 US$'000	2019 US$'000
Consideration received for adjustment of interest	8	28

4 Organisation and Trading Activities (cont'd)

(A) Subsidiaries (cont'd)

Disposal of interest in a group of subsidiaries

During the current financial year, the Group disposed its 100% interest in Navig8 Offshore Inc, 84% interest in RK8 Offshore Group subsidiaries ("Offshore group subsidiaries") and 100% interest in Suntech Ship Management Pte Ltd (fka Navig8 Shipmanagement Pte Ltd) and Suntech Crew Management Private Limited (fka Navig8 Ship Management Services Private Limited) ("Technical Management subsidiaries"). Upon disposal of the Technical Management subsidiaries, the Group through a subsidiary acquired 50% equity interest in Suncorp Holdings Inc. Suncorp Holdings Inc, a joint venture took over the ownership of these Technical management subsidiaries (Note 18).

Details of the consideration received, the assets and liabilities disposed, the non-controlling interest derecognised and the effects on the cash flows of the Group, at the disposal date, are as follows:

(a) Analysis of asset and liabilities of the groups of subsidiaries at disposal date:

	2020 US$'000
Cash and cash equivalents	2,017
Other fixed assets	14
Right-of-use assets	33
Trade and other receivables	2,138
Trade and other payables	(2,761)
Income tax liabilities	(1,466)
Lease liabilities	(34)
Net (liabilities) derecognised	(59)
Less: Non-controlling interest	20
Net (liabilities) disposed of	(39)

(b) Cash outflows and gain on disposal arising from the disposal

	2020 US$'000
Net (liabilities) disposed of	(39)
Gain on disposal	39
Cash proceeds on disposal	*
Less: Cash and cash equivalents disposed of	(2,017)
Net cash outflow on disposal	(2,017)

*Less than US$1,000

4 **Organisation and Trading Activities** (cont'd)

(A) Subsidiaries (cont'd)

Step acquisition of additional interest in a former associate company

During the financial year ended 31 March 2019, the Group acquired the remaining 50% of the issued shares of Herakleitos 3050 LLC, a former associate company. As at 31 March 2019, the Group holds 100% of the issued shares of Herakleitos 3050 LLC. Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	2019 US$'000
Cash paid as consideration	1,396

(b) Identifiable assets acquired and liabilities assumed

	At fair value US$'000
100% interest	
Cash and cash equivalents	1,478
Vessel	27,110
Trade and other receivables	1,561
Total assets	30,149
Trade and other payables	10,240
Bank loan	17,000
Total liabilities	27,240
Total identifiable net assets	2,909
Add/(Less): Net loss on step acquisition of a former associate to a subsidiary	102
De-recognition of existing cost of investment in associate (Note 17)	(1,615)
Consideration transferred for the acquisition of additional 50% interest	1,396
Less: Cash and cash equivalents acquired	(1,478)
Net cash inflow from step acquisition of a former associate to a subsidiary	(82)

4 **Organisation and Trading Activities** (cont'd)

(B) Jointly-controlled Operations

The principal jointly-controlled operations are as follows:

Name of Pool	Principal activities	Country of incorporation
MR Pool	Commercial employment and operation of Pool vessels	Marshall Islands
Gamma Pool	Commercial employment and operation of Pool vessels	Marshall Islands
LR8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands
Alpha8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands
V8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands
Suez8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands
VL8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands
Chronos8 Pool	Commercial employment and operation of Pool vessels	Marshall Islands

The aggregate information of jointly-controlled operations that are not individually material are summarised as follows:

	2020 US$'000	2019 US$'000
Current assets	178,248	96,053
Current liabilities	178,248	96,053
The Group's share of net revenue from Pools	415,343	186,182

(C) Non-controlling Interest

The details of non-wholly owned subsidiaries of the Group that have a material non-controlling interest as at 31 March are as follows:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
	2020 %	2019 %	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Integr8 Fuels Inc	15.2	14.6	4,078	2,640	12,218	9,060
Navig8 Chemical Services Ltd and its subsidiaries	35	35	806	1,232	1,800	994

4 Organisation and Trading Activities (cont'd)

(C) Non-controlling Interest (cont'd)

The following table summarises the financial information in respect of the subsidiaries that had a material non-controlling interest. The summarised financial information represents amounts before intragroup eliminations.

	Navig8 Chemical Services Ltd and its subsidiaries		Integr8 Fuels Inc	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Summarised balance sheet				
Assets				
Current	13,463	10,094	341,910	343,208
Non-current	46	12	-	-
	13,509	10,106	341,910	343,208
Liabilities				
Current	(8,346)	(7,266)	(261,529)	(281,154)
Non-current	(21)	-	-	-
	(8,367)	(7,266)	(261,529)	(281,154)
Net assets	5,142	2,840	80,381	62,054
Attributable to owners of the Group	3,342	1,846	68,163	52,994
Non-controlling interest	1,800	994	12,218	9,060
Summarised Profit or loss				
Revenue	56,316	59,090	2,560,780	2,536,581
Expenses	(54,014)	(55,571)	(2,533,953)	(2,518,502)
Net profit for the year	2,302	3,519	26,827	18,079
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	2,302	3,519	26,827	18,079
Total comprehensive income attributable to owners of the Group	1,496	2,287	22,749	15,439
Total comprehensive income attributable to non-controlling interest of the Group	806	1,232	4,078	2,640
Cash flow				
Cash flow generated from operating activities	3,164	8,233	7,992	13,065
Cash flow (used in)/generated from investing activities	(862)	(333)	2,793	(15,882)
Cash flow generated from/(used in) financing activities	298	(10,449)	16,968	469

5 Revenue

Revenue of the Group consists of the following:

	2020 US$'000	2019 US$'000
Performance obligations satisfied at a point in time		
Bunker trading income	2,647,333	2,573,333
Commission income	62,223	51,356
	2,709,556	2,624,689
Eliminations	(210,860)	(159,594)
	2,498,696	2,465,095
Performance obligations satisfied over time		
Voyage charter freight income	1,121,964	629,742
Time and bareboat charter income	65,127	66,399
Administration fees	11,335	13,653
Management fees	22,184	23,368
	1,220,610	733,162
Eliminations	(103,128)	(48,007)
	1,117,482	685,155
Total	3,616,178	3,150,250

The revenue streams per each business segment are shown before elimination in line with the way the businesses are managed. The total revenue figure is stated after elimination of intercompany revenue.

6 Operating Expenses

	2020 US$'000	2019 US$'000
Bunkers purchases	2,511,200	2,459,933
Hire expenses	705,600	512,270
Ports, canals and towage	72,929	32,503
Commission expenses	29,156	19,348
Running costs	35,796	12,140
Depreciation of right-of-use assets on time charters (Note 19)	26,825	-
Depreciation of vessels and pre-delivery costs (Note 14)	23,887	6,942
Bad debts written off	5,981	717
Amortisation of dry-docking costs (Note 14)	452	185
Others	694	908
	3,412,520	3,044,946
Impairment loss on trade receivables	8,052	4,426
Write back of impairment loss on trade receivables	(9,860)	(1,668)
	(1,808)	2,758
Total	3,410,712	3,047,704

7 Other Income

	2020 US$'000	2019 US$'000
Realised gain on financial assets, at fair value through profit or loss	777	242
Dividend income from financial assets	165	137
Gain on buy back of bonds	540	-
Gain on disposal of other fixed assets	8	2
Gain on disposal of interests in subsidiaries	39	-
Other income	718	880
	2,247	1,261

8 Other Expenses

	2020 US$'000	2019 US$'000
Foreign exchange loss – net	118	635
Loss on disposal of financial assets	-	522
Net loss on step acquisition of a former associate to a subsidiary	-	102
Other fixed assets written off	9	92
Other expenses	80	35
	207	1,386

9 Administrative Expenses

Administrative expenses include the following significant balances:

	2020 US$'000	2019 US$'000
Salaries and other staff costs:		
- Administrative staff salaries and bonus	45,888	42,828
- Employer's social security and pension contribution	3,452	3,467
- Staff welfare and other staff costs	3,924	3,433
Office rental and utilities	1,108	4,473
Consultancy and other professional fees	2,709	2,447
Depreciation of right-of-use assets on office premises (Note 19)	2,129	-
Depreciation of other fixed assets (Note 15)	1,435	1,666

10 Finance Income

	2020 US$'000	2019 US$'000
Interest income from bank balances	466	59

11 Finance Costs

	2020 US$'000	2019 US$'000
Interest expenses on bank loans and other borrowings	54,570	21,520
Interest expenses on lease liabilities	4,984	-
Bank charges	458	420
	60,012	21,940

12 Income Tax Expense

	2020 US$'000	2019 US$'000
Income tax expense attributable to profit is made up of:		
- current financial year	1,915	2,306
- under/(over) provision in prior financial years	37	(76)
	1,952	2,230

Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2020 US$'000	2019 US$'000
Profit before income tax and exceptional item		
Income tax calculated at applicable tax rate	5,627	5,459
Recognition of previously unrecognised tax losses	(1,226)	(778)
Effects of deferred tax asset not recognised	134	93
Income exempt from tax or subject to lower tax incentive rate	(2,669)	(2,356)
Expenses claimable/(not taxable) for tax purposes	49	(112)
Under/(over) provision in prior financial years	37	(76)
Tax charge	1,952	2,230

Expenses not claimed for tax purposes relate to certain operating expenses of subsidiaries which are not deductible for tax purposes in the jurisdiction where these subsidiaries operate.

13 Goodwill

	2020 US$'000	2019 US$'000
Goodwill arising from the acquisition of subsidiaries:		
At 1 April and 31 March		
Cost	9,168	9,168
Accumulated impairment losses	-	-
Carrying amount	9,168	9,168

Impairment of goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as investments in each subsidiary for the purpose of impairment testing.

Goodwill was assessed for impairment in March 2020 and 2019. The recoverable amount of the CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on the financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period to the fifth year were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operated.

The assumptions were used for the analysis of the CGU. Management determined budgeted revenue based on past performance and its expectations of the market development. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segment. No impairment loss was recognised for the financial years ended 31 March 2020 and 2019.

Key assumptions used for value-in-use calculations:

	2020 %	2019 %
Revenue growth rate[1]	10	10
Expense increase[1]	5	5
Discount rate[2]	6	6

[1] *Weighted average rate used to extrapolate cash flows beyond the budget period*
[2] *Pre-tax discount rate applied to the pre-tax cash flow projections*

14 Vessels

	Vessels US$'000	Vessels under construction US$'000	Dry-docking costs US$'000	Total US$'000
2020				
Cost				
At 1 April 2019	299,413	177,119	8,441	484,973
Additions	20,757	269,878	(21)	290,614
Transfer of delivered vessels	446,997	(446,997)	-	-
At 31 March 2020	767,167	-	8,420	775,587
Accumulated depreciation				
At 1 April 2019	18,155	-	6,385	24,540
Charge for the financial year	23,887	-	452	24,339
At 31 March 2020	42,042	-	6,837	48,879
Net book value				
At 31 March 2020	725,125	-	1,583	726,708
2019				
Cost				
At 1 April 2018	90,506	104,799	6,578	201,883
Additions	111,731	142,496	1,753	255,980
Transfer of delivered vessels	70,176	(70,176)	-	-
Addition (Note 4(A))	27,000	-	110	27,110
At 31 March 2019	299,413	177,119	8,441	484,973
Accumulated depreciation				
At 1 April 2018	11,213	-	6,200	17,413
Charge for the financial year	6,942	-	185	7,127
At 31 March 2019	18,155	-	6,385	24,540
Net book value				
At 31 March 2019	281,258	177,119	2,056	460,433

During the current financial year, the Group capitalised borrowing costs amounting to US$2.5 million (2019: US$6.2 million) at borrowing rates of 5% to 7% (2019: 5% to 7%) to vessels under construction prior to its delivery.

15 Other Fixed Assets

	Office and computer equipment US$'000	Furniture and fittings US$'000	Motor vehicles US$'000	Total US$'000
2020				
Cost				
At 1 April 2019	7,245	5,589	111	12,945
Additions	197	240	-	437
Write off/Disposals	(13)	(109)	-	(122)
Disposal (Note 4(A))	(353)	(8)	-	(361)
At 31 March 2020	7,076	5,712	111	12,899
Accumulated depreciation				
At 1 April 2019	5,758	3,602	111	9,471
Charge for the financial year	858	577	-	1,435
Write off/Disposals	(12)	(102)	-	(114)
Disposal (Note 4(A))	(339)	(8)	-	(347)
At 31 March 2020	6,265	4,069	111	10,445
Net book value				
At 31 March 2020	811	1,643	-	2,454
2019				
Cost				
At 1 April 2018	5,295	6,515	111	11,921
Additions	1,962	778	-	2,740
Write off/Disposals	(12)	(1,704)	-	(1,716)
At 31 March 2019	7,245	5,589	111	12,945
Accumulated depreciation				
At 1 April 2018	4,687	4,631	111	9,429
Charge for the financial year	1,082	584	-	1,666
Write off/Disposals	(11)	(1,613)	-	(1,624)
At 31 March 2019	5,758	3,602	111	9,471
Net book value				
At 31 March 2019	1,487	1,987	-	3,474

16 Financial Assets

As at reporting date, the details of the Group's financial assets are as follow:

	2020 US$'000	2019 US$'000
Financial assets/(liabilities), classified as fair value through other comprehensive income		
- quoted equity investment (Note 16(a))	-	8,175
- unquoted equity securities	*	*
- forward contracts to hedge forecast transactions	(911)	-
	(911)	8,175
Financial assets, classified as fair value through profit or loss		
- commodity contracts	5,395	-
	4,484	8,175
Classified as:		
Current	4,484	-
Non-current	-	8,175

* Less than US$1,000

(a) Movement in quoted equity investment, at fair value:

	2020 US$'000	2019 US$'000
At 1 April	8,175	31,042
Disposals	(14,469)	(26,653)
Fair value gain recognised during the year:		
- recognised through other comprehensive income	6,294	1,459
- recognised through profit or loss	-	2,327
At 31 March	-	8,175

16 Financial Assets (cont'd)

(b) Details of unquoted equity securities, at fair value:

Name	Country of incorporation	Principal activities	Percentage of equity held by the Company 2020 %	2019 %
Navig8 ACM VI LLC	Marshall Islands	Ship chartering	5	5
Navig8 SG JV LLC	Marshall Islands	Ship chartering	5	5

(c) Derivatives financial instruments

The Group applied cash flow hedge to its forward contracts during the current financial year. During the current financial year, the fair value loss is recognised in fair value through other comprehensive income.

17 Interests in Associates

	2020 US$'000	2019 US$'000
Cost of investments	107,648	104,398
Share of profits/(losses) in associates	2,765	(548)
Share of dividend paid	(3,224)	(1,676)
Prepaid tax on share of profits in associates	121	-
	107,310	102,174
Amounts due from associates [1]	2,718	2,718
At 31 March	110,028	104,892
Representing:		
At 1 April	102,174	108,400
Additions	3,250	500
Share of current financial year's profits/(losses)	3,313	(4,136)
Share of dividends paid	(1,548)	(944)
Prepaid tax on share of profits in associates	121	-
De-recognition of an associate which is a subsidiary	-	(1,615)
Dissolution of an associate	-	(31)
At 31 March	107,310	102,174

[1] The amounts due from associates represent quasi equity interest-free loans which are stated at cost as the repayments are neither planned nor likely to occur in the foreseeable future. It is impractical to determine the terms of repayment as the timing of future cash flows cannot be measured reliably.

17 Interests in Associates (cont'd)

Details of the associates are as follows:

Name	Country of incorporation	Effective interest held by the Group 2020 %	2019 %	Note
D8 Product Tankers I LLC	Marshall Islands	50	50	(a), (b)
Navig8 Chemical Tankers Inc	Marshall Islands	20	20	(b), (c)
SWS VLCC JV LLC	Marshall Islands	50	50	(b)
TB Marine Shipmanagement GmbH & Co. KG	Germany	50	50	(b)
TB Marine Cont Shipmanagement GmbH & Co	Germany	50	-	(b), (d)
DUNA Marine Shipmanagement	Latvia	20	20	(b)
Cassiopeia Shipmanagement (Cyprus) Ltd	Cyprus	20	20	(b)
GCC German Crew Center GmbH	Germany	20	20	(b)
Clean Marine Environmental Pte Ltd	Singapore	3	-	(d)
Ridgebury Suez 2020 LLC	USA	18	-	(b), (d)

(a) Audited by Moore Stephens LLP, Singapore.
(b) The reporting date of the companies is 31 December. For the purpose of applying the equity method of accounting, the financial statements of the companies for the year ended 31 December 2019 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2020.
(c) Audited by PricewaterhouseCoopers AS, Oslo, Norway.
(d) Acquired interests during the financial year.

Although the Group holds less than 20% of the equity shares of Clean Marine Environmental Pte Ltd and Ridgebury Suez 2020 LLC of the voting power in shareholder meetings, the Group exercises significant influence by virtue of a contractual right to appoint a director.

During the current financial year, the Group had the following transactions with the associates on the terms agreed between the parties:

	2020 US$'000	2019 US$'000
Technical and attendance fees received/receivable	-	3,025
Management fees received/receivable	5,623	5,606
Recharges received/receivable	52	463

17 Interests in Associates (cont'd)

The following table summarises the financial information in respect of the material associate. The summarised financial information represents amounts before intragroup eliminations.

Navig8 Chemical Tankers Inc

	2020 US$'000	2019 US$'000
Current assets	73,876	86,199
Non-current assets	1,086,024	1,131,345
Current liabilities	69,032	64,698
Non-current liabilities	702,980	754,587
Revenue	173,662	162,700
Loss from continuing operations	(184,032)	(185,853)
Total comprehensive loss	(10,370)	(23,153)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Navig8 Chemical Tankers Inc recognised in the consolidated financial statements:

	2020 US$'000	2019 US$'000
Net assets of Navig8 Chemical Tankers Inc	387,888	398,259
Proportion of the Group's ownership	20%	20%
Carrying amount of the Group's interest	77,079	79,186

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associated companies accounted for using the equity method:

	2020 US$'000	2019 US$'000
The Group's share of:		
Profit from continuing operations	5,420	569
Other comprehensive income	-	-
Total comprehensive income	5,420	569
Aggregate carrying amount of the Group's interests in these associates	30,231	22,988

18 Interests in Joint Ventures

	2020 US$'000	2019 US$'000
Cost of investments	350	16
Share of profits in joint ventures	5,845	4,907
Share of dividends paid	(2,228)	(900)
	3,967	4,023
Amount due to a joint venture [1]	(50)	(50)
At 31 March	3,917	3,973
Representing:		
At 1 April	4,023	3,871
Additions	334	-
Share of current financial years' profits	938	452
Share of dividends paid	(1,328)	(300)
At 31 March	3,967	4,023

[1] The amount due to a joint venture represents an interest free quasi-equity loan which is stated at cost as the repayment is neither planned nor likely to occur in the foreseeable future. It is impractical to determine the term of repayment as the timing of future cash flows cannot be measured reliably.

Details of the joint ventures are as follows:

Name	Country of incorporation	Effective interest held by the Group 2020 %	 2019 %	Note
Straits Shipping 4 Pte. Ltd.	Singapore	50	50	(a)
Suncorp Holdings Inc	Marshall Islands	50	-	(b)

(a) Audited by Moore Stephens LLP, Singapore.

(b) During the current financial year, the Group disposed its interests in its Technical Management Subsidiaries (Note 4(A)). Upon disposal, the Group through a subsidiary acquired 50% joint venture interest in Suncorp Holdings Inc, the entity which took over the ownership of the Groups' technical management subsidiaries.

18 Interests in Joint Ventures (cont'd)

The summarised financial information of the joint ventures not adjusted for the proportionate ownership interest held by the Group is as follows:

	2020 US$'000	2019 US$'000
Assets and liabilities		
Current assets	6,228	662
Non-current assets	8,123	8,376
Total assets	14,351	9,038
Current liabilities	(3,911)	(991)
Non-current liabilities	(2,434)	-
Total liabilities	(6,345)	(991)
Net assets	8,006	8,047

The above assets and liabilities include the following:

	2020 US$'000	2019 US$'000
Cash and cash equivalents	2,816	394
Current financial liabilities (excluding trade payables and amount due to shareholders)	3,908	991

During the current financial year, the Group had the following transactions with the joint ventures on the terms agreed between the parties:

	2020 US$'000	2019 US$'000
Hire expense paid/payable	(1,495)	(1,478)
Technical management expenses paid/payable	(1,946)	-
Monthly fees received/receivable	1,307	-

19 Right-of-Use Assets

	Time charters US$'000	Office premises US$'000	Total US$'000
2020			
Cost			
At 1 April 2019 – adoption of IFRS 16	-	8,764	8,764
Additions	155,460	106	155,566
Disposal of subsidiaries (Note 4(A))	-	(48)	(48)
At 31 March 2020	155,460	8,822	164,282
Accumulated depreciation			
At 1 April 2019	-	-	-
Charge for the year	26,825	2,129	28,954
Disposal of subsidiaries (Note 4(A))	-	(15)	(15)
At 31 March 2020	26,825	2,114	28,939
Net book value			
At 31 March 2020	128,635	6,708	135,343

20 Inventories

	2020 US$'000	2019 US$'000
Bunkers, at cost	32,131	25,991

The bunker cost recognised during the current financial year is presented under operating expenses (Note 6).

21 Trade and Other Receivables and Prepayments

	2020 US$'000	2019 US$'000
Trade receivables:		
Third parties	371,751	326,250
Less: Allowance for impairment losses	(8,854)	(23,688)
	362,897	302,562
Other receivables: Third parties	22,686	14,647
Prepayments	30,238	3,725
	415,821	320,934

21 Trade and Other Receivables and Prepayments (cont'd)

During the financial years ended 31 March 2020 and 2019, the Group has factored trade receivables to financial institutions in exchange for cash. The business model is to hold the assets to collect contractual cash flows. The transaction has been accounted for as collateralised borrowings as the Group retains the risk in the event of default by these customers. As at 31 March 2020, the carrying amount and fair values of the transferred receivables is US$125.4 million (2019: US$95.4 million) and the carrying amount of the associated liabilities are US$106.6 million (2019: US$81.1 million).

The exposures to credit and currency risks are disclosed in Note 33.

	2020 US$'000	2019 US$'000
Accrued receivables:		
Freight revenue earned but not billed	142,377	85,316

Accrued receivables represent the Group's right to consideration for work completed but not billed at the reporting date. Invoices are billed to customers when the rights become unconditional. The transaction prices allocated to unsatisfied performance obligations will be recognised within the next one year. The significant changes in the accrued receivables at the reporting date are as follows:

	2020 US$'000	2019 US$'000
Accrued receivables:		
Accrued receivables reclassified to trade receivables	(85,316)	(46,872)
Changes in measurement of progress	142,377	85,316

22 Cash and Bank Balances

	2020 US$'000	2019 US$'000
Cash at banks and on hand	156,576	75,553
Fixed deposits	304	-
	156,880	75,553

As at 31 March 2020, US$0.3 million (2019: US$Nil) is held with a clearing house in relation to derivatives and equity trading.

22 Cash and Bank Balances (cont'd)

Cash and bank balances in the consolidated statement of cash flows comprise:

	2020 US$'000	2019 US$'000
Cash and bank balances	156,880	75,553
Less: Bank balances pledged with financial institutions	(1,489)	(1,390)
Cash and bank balances as disclosed in the consolidated statement of cash flows	155,391	74,163

The weighted average effective interest rate on bank deposits as at 31 March 2020 is 0.2% (2019: 0.2%) per annum.

23 Share Capital

	2020		2019	
	No. of shares '000	Amount US$'000	No. of shares '000	Amount US$'000
Authorised:				
A shares, each with a nominal value of US$1	500	500	500	500
B shares, each with a nominal value of US$1	250	250	250	250
Preference shares, each with a nominal value of US$1,000	500	500,000	500	500,000
	1,250	500,750	1,250	500,750
Issued and fully paid:				
A shares				
At 1 April	86	86	86	86
Redemption of shares	-*	-*	-*	-*
At 31 March	86	86	86	86
B shares				
At 1 April and 31 March	42	42	42	42
Preference shares				
At 1 April	86	85,959	86	86,109
Redemption of shares	-*	(350)	-*	(150)
At 31 March	86	85,609	86	85,959
Total	214	85,737	214	86,087

* Less than 1,000 shares

23 Share Capital (cont'd)

The holders of A and B shares rank pari passu to each other and are entitled to one voting right per share.

Preference shares are attached to A shares and are issued to A shareholders proportionately. The holders of the preference shares are entitled to a fixed cumulative preference dividend at a rate of 6% per annum (excluding the amount of any associated tax credit) on the nominal amount of each preference share.

Preference dividends accrue on a daily basis from the day of issue but are not liable for payment until declared at an Annual General Meeting. Such dividends are paid out of net accumulated profit after tax available for distribution in each financial year in priority to payments of dividends to other shareholders.

If the Company is prohibited, by reason of law or otherwise, from declaring and paying the preference dividend, the preference dividend accumulates and will be paid as soon as the Company is lawfully able to pay it and no dividend will be proposed, declared or paid on any other class of shares, nor any return of capital made (by redemption or otherwise) until the arrears have been paid in full.

There are no voting rights attached to the preference shares. The preference shares are redeemable only if the same proportion of related A shares are sold.

Holders of preference shares are not entitled to any further right of participation in the profits or income of the Company.

24 Reserves

	2020 US$'000	2019 US$'000
Fair value reserve	(4,824)	(9,653)
Share premium	5,044	5,044
Other reserve	(8)	(348)
Treasury shares	(223)	-
Retained earnings	169,050	93,129
At 31 March	169,039	88,172

24 Reserves (cont'd)

Fair value reserve

The fair value reserve records the cumulative fair value changes of financial assets through other comprehensive income until they are de-recognised or impaired. The movement of the Group's fair value reserve during the financial year is as follows:

	2020 US$'000	2019 US$'000
At 1 April	(9,653)	(11,112)
Fair value gain recognised during the year	4,829	1,459
At 31 March	(4,824)	(9,653)

There are no movements in share premium reserves during the financial years ended 31 March 2020 and 2019.

25 Non-Controlling Interests

	2020 US$'000	2019 US$'000
At 1 April	9,233	8,419
Share of profits for the financial year	5,055	3,319
Dividends paid during the financial year	(1,203)	(2,729)
Exercise of share options during the financial year	8	28
Disposal of interests in subsidiaries (Note 4(A))	20	-
Effect of dilution of interest in subsidiaries	501	196
At 31 March	13,614	9,233

A dividend amounting to US$1.2 million (2019: US$2.7 million) was approved and paid out of the retained earnings of subsidiaries from the current year's profits to non-controlling interests during the current financial year.

26 Bank Loans

	2020 US$'000	2019 US$'000
Bank loans		
- Non-current	1,126	1,689
- Current	563	5,733
	1,689	7,422

The weighted average interest rate for the bank loan is 5.1% (2019: 5.4% to 8.2%) per annum with maturity periods from 1 to 5 (2019: 1 to 5) years. The bank loan is secured by a corporate guarantee from the Company.

There were no defaults or breaches of loan agreement terms during the financial years ended 31 March 2020 and 2019.

27 Other Borrowings

	2020 US$'000	2019 US$'000
Other borrowings		
- Non-current	597,855	346,972
- Current	94,213	49,395
	692,068	396,367

The weighted average interest rates for the other borrowings range from 5% to 12% (2019: 5% to 12%) with maturity periods from 2 to 10 (2019: 2 to 10) years.

At the reporting date, the Group through its subsidiaries entered into various contracts with third parties for the sale of vessels under construction and vessels. The Group further entered into bareboat charter agreements for these vessels. Where no obligation to purchase the vessels is included, the Group has applied its judgment and determined that the exercise of the purchase option is "almost certain" and treated as financing arrangements. The Company provides guarantees of the obligations entered into by the subsidiaries.

At the reporting date, the net carrying amounts of these vessels amounted to US$717 million (2019: US$452 million) (Note 14).

Senior Secured Callable Bonds

On 3 May 2019, the Group, through its subsidiary, Navig8 Topco Holdings Inc, issued 12% fixed rate bonds denominated in USD with a nominal value of $100 million. The bonds are due for repayment four years from the issue date at their nominal value. The Company bought back US$2 million bonds during the financial year.

28 Short-term Borrowings

During the financial years ended 31 March 2020 and 2019, the Group benefited from credit-line facilities obtained by some of its pools and bunker trading division. The facilities are secured by a floating charge over the assets of the borrower and are made available through draw-downs in tenures of not more than 120 days. The average interest rate is 4.4% (2019: 4.9%) per annum.

Short-term borrowings related to the pools represent the Group's share of the facilities on consolidation of the pools' assets and liabilities. There were no defaults or breaches of terms of the facilities during the financial years.

29 Trade and Other Payables

	2020 US$'000	2019 US$'000
Trade payables	239,404	226,270
Accruals	115,718	75,617
Other payables	96,458	93,543
	451,580	395,430

30 Lease Liabilities

(a) The Group as a lessee

The Group has entered into several commercial leases for the office premises and facilities for lease terms between two to ten years (2019: two to ten years). The Group also chartered in a number of vessels under time charter and bareboat charter agreements. The lease terms range from two to five years (2019: two to five years) with extension periods which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to exercise these extension options.

The carrying amounts of the right-of-use assets are as follows:

	31 March 2020 US$'000	1 April 2019 US$'000
Office premises	6,708	8,764
Time charters	128,635	-
	135,343	8,764

Additions of right-of-use assets for office premises and time charters are classified in Note 19 to the consolidated financial statements.

30 Lease Liabilities (cont'd)

Amounts recognised in the consolidated statement of comprehensive income and consolidated statement of cash flows are as follows:

	2020
	US$'000
Depreciation charged for the year:	
- office premises	2,129
- time charters	26,825
Interest on lease liabilities relating to office premises and time charter	4,984
Expenses relating to low value leases	35
Expenses relating to short-term leases	102,962
Total cash outflows for leases (excluding short-term leases)	26,155

The Group recognised lease liabilities as follows:

	2020
	US$'000
Lease liabilities	
Current	60,705
Non-current	77,436
	138,141

(b) The Group as a lessor

The Group has leased out vessels under time charter and bareboat charter arrangements. Undiscounted lease payments from the operating leases to be received after the reporting date are set out in Note 35(b) to the consolidated financial statements.

31 Cash Flows Arising from Financing Activities

The reconciliation of movements of liabilities to cash flows arising from financing activities are presented below:

	At 1 April	Cash flows: Proceeds	Cash flows: Repayments	Non-cash changes	At 31 March
	US$'000	US$'000	US$'000	US$'000	US$'000
2020					
Bank loans and other borrowings (Notes 26 and 27)	403,789	364,689	(80,873)	6,152	693,757
Short-term borrowings (Note 28)	112,698	73,030	-	-	185,728
Lease liabilities (Note 30)	9,138	-	(26,155)	155,158	138,141

31 Cash Flows Arising from Financing Activities (cont'd)

The reconciliation of movements of liabilities to cash flows arising from financing activities are presented below: (cont'd)

	At 1 April US$'000	Cash flows Proceeds US$'000	Cash flows Repayments US$'000	Non-cash changes US$'000	At 31 March US$'000
2019					
Bank loans and other borrowings (Notes 26 and 27)	190,322	231,953	(35,486)	17,000	403,789
Short-term borrowings (Note 28)	94,485	18,213	-	-	112,698

32 Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered the following material related party transactions:

Key Management Remuneration

	2020 US$'000	2019 US$'000
Salaries and bonus	4,870	5,202
Employer's social security and pension contribution	380	373
Staff welfare and other staff costs	2	50
	5,252	5,625

33 Financial Risk Management Objectives and Policies

(A) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including charter rate risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk arising in the normal course of the Group's business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market Risk

(i) Charter rate risk

The Group's operating revenue principally comprises of income from voyage charter freight and from bareboat charters and time charters which ranges from 2 to 10 (2019: 2 to 10) years.

33 Financial Risk Management Objectives and Policies (cont'd)

(A) Financial Risk Factors (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk because entities in the Group borrow at fixed and floating rates. The risk is managed by maintaining an appropriate mix of fixed and floating borrowings, including the use of swaps and other financial instruments where appropriate.

The Group has no significant interest bearing assets, other than bank deposits and cash equivalents. The Group has no significant interest bearing liabilities, other than bank loans and finance lease obligations and the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's policy is to obtain the most favourable interest rates wherever possible and constantly monitor the interest rate movements.

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the maturity dates.

	Variable rates			Fixed rates				
	Less than 12 months US$'000	2 to 5 years US$'000	More than 5 years US$'000	Less than 12 months US$'000	2 to 5 years US$'000	More than 5 years US$'000	Non-interest bearing US$'000	Total US$'000
2020								
Assets								
Cash and bank balances	156,880	-	-	-	-	-	-	156,880
Trade and other receivables (except prepayments)	-	-	-	-	-	-	385,583	385,583
Accrued receivables	-	-	-	-	-	-	142,377	142,377
Total financial assets	156,880	-	-	-	-	-	527,960	684,840
Liabilities								
Trade and other payables	-	-	-	-	-	-	451,580	451,580
Bank loans	563	1,126	-	-	-	-	-	1,689
Other borrowings	31,875	143,239	338,138	62,338	116,478	-	-	692,068
Short-term borrowings	185,728	-	-	-	-	-	-	185,728
Lease liabilities	-	-	-	60,705	77,436	-	-	138,141
Total financial liabilities	218,166	144,365	338,138	123,043	193,914	-	451,580	1,469,206

33 Financial Risk Management Objectives and Policies (cont'd)

(A) Financial Risk Factors (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk (cont'd)

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the maturity dates. (cont'd)

	Variable rates			Fixed rates				
	Less than 12 months US$'000	2 to 5 years US$'000	More than 5 years US$'000	Less than 12 months US$'000	2 to 5 years US$'000	More than 5 years US$'000	Non-interest bearing US$'000	Total US$'000
2019								
Assets								
Cash and bank balances	75,553	-	-	-	-	-	-	75,553
Trade and other receivables (except prepayments)	-	-	-	-	-	-	317,209	317,209
Accrued receivables	-	-	-	-	-	-	85,316	85,316
Total financial assets	75,553	-	-	-	-	-	402,525	478,078
Liabilities								
Trade and other payables	-	-	-	-	-	-	395,430	395,430
Bank loans	5,733	1,689	-	-	-	-	-	7,422
Other borrowings	14,947	61,855	163,146	34,448	84,626	37,345	-	396,367
Short-term borrowings	112,698	-	-	-	-	-	-	112,698
Total financial liabilities	133,378	63,544	163,146	34,448	84,626	37,345	395,430	911,917

A 3% increase/(decrease) in the interest rates of underlying borrowings at the reporting date would result in a corresponding (decrease)/increase of profit before income tax as follows:

	2020 US$'000	2019 US$'000
Profit before income tax	82	448

This analysis assumes that all other variables remain constant.

33 Financial Risk Management Objectives and Policies (cont'd)

(A) Financial Risk Factors (cont'd)

(a) Market Risk (cont'd)

(iii) Foreign currency risk

The Group is not exposed to significant foreign currency risk on its operating activities as most transactions and balances are denominated in United States dollar.

	United States Dollar US$'000	Singapore Dollar US$'000	Pound Sterling US$'000	Others US$'000	Total US$'000
2020					
Financial assets					
Cash and bank balances	147,015	530	299	9,036	156,880
Trade and other receivables (except prepayments)	373,228	654	2,535	9,166	385,583
Accrued receivables	142,377	-	-	-	142,377
	662,620	1,184	2,834	18,202	684,840
Financial liabilities					
Trade and other payables	(443,986)	(2,739)	(2,152)	(2,703)	(451,580)
Bank loans	(1,689)	-	-	-	(1,689)
Other borrowings	(692,068)	-	-	-	(692,068)
Short-term borrowings	(185,728)	-	-	-	(185,728)
Lease liabilities	(131,263)	(3,110)	(3,114)	(654)	(138,141)
	(1,454,734)	(5,849)	(5,266)	(3,357)	(1,469,206)
Currency exposure on net financial (liabilities)/assets		(4,665)	(2,432)	14,845	
2019					
Financial assets					
Cash and bank balances	69,910	323	178	5,142	75,553
Accrued receivables	85,316	-	-	-	85,316
	460,703	2,939	1,730	12,706	478,078
Financial liabilities					
Trade and other payables	(382,138)	(3,305)	(3,655)	(6,332)	(395,430)
Bank loans	(7,422)	-	-	-	(7,422)
Other borrowings	(396,367)	-	-	-	(396,367)
Short-term borrowings	(112,698)	-	-	-	(112,698)
	(898,625)	(3,305)	(3,655)	(6,332)	(911,917)
Currency exposure on net financial (liabilities)/assets		(366)	(1,925)	6,374	

33 Financial Risk Management Objectives and Policies (cont'd)

(A) Financial Risk Factors (cont'd)

(a) Market Risk (cont'd)

(iii) Foreign currency risk (cont'd)

Management is of the view that the foreign currency risk is not material to warrant disclosure of a sensitivity analysis.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's primary exposure to credit risk arises through its trade and other receivables. It is the Group's policy to enter into transactions with creditworthy customers to mitigate any significant credit risk. The Group has procedures in place to control credit risk and exposure to such risk is monitored on an ongoing basis.

The Group's maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the consolidated balance sheet.

The Group does not have any significant concentration of credit risk.

Credit Risk Grading Guideline

The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss
i. Performing	The counterparty has a low risk of default and does not have any significant past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e interest and/or principal repayment are more than 30 days past due).	Lifetime ECL (not credit impaired)
iii. Non-performing	There is evidence indicating that the asset is credit impaired (i.e interest and/or principal repayments are more than 90 days past due).	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (i.e interest and/or principal repayments are more than 180 days past due).	Asset is written off

33 **Financial Risk Management Objectives and Policies** (cont'd)

(A) Financial Risk Factors (cont'd)

(b) Credit Risk (cont'd)

Based on the Group's internal rating assessment, other than those disclosed in the financial statements, there are no financial assets that are under-performing, non-performing and assets written off during the financial year. The credit quality of the Group's performing financial assets, as well as maximum exposure to credit risk by internal credit risk assessments are as follows:

Cash and Cash Equivalents and Other Financial Assets

Cash and cash equivalents are proceeds with financial institution counterparties, which are rated Aa1 to Baa3, based on rating agency ratings. Debt instruments measured at amortised cost are considered low credit risks as the instrument is of a good rating.

Impairment on cash and cash equivalents and other financial assets have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that these financial assets have low credit risk based on the external credit ratings of the counterparties and these counterparties having low risk of default. The amount of the loss allowance on these financial asset are assessed to be minimal. The gross and net carrying amount of these financial asset are disclosed in Note 21 and Note 22 to the financial statements.

Trade Receivables and Accrued Receivables

As disclosed in Note 2(q), loss allowance for trade receivables and accrued receivables have been recognised at an amount equal to lifetime expected credit losses. The Group has assessed the financial assets as performing, counterparties have low risk of default and does not have any historical defaults. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on segment. The gross and net carrying amount of trade receivables are set out in Note 21 to the consolidated financial statements. The table below is an analysis of trade receivables at the reporting date:

	Gross carrying amount US$'000	Lifetime expected credit losses US$'000	Net carrying amount US$'000
2020			
Credit impaired assets:			
Third parties	19,910	(7,011)	12,899
Others:			
Third parties			
Current	299,649	(1,420)	298,229
Past due:			
Up to three months	33,828	(266)	33,562
More than three months	18,364	(157)	18,207
	371,751	(8,854)	362,897

33 Financial Risk Management Objectives and Policies (cont'd)

(A) Financial Risk Factors (cont'd)

(b) Credit Risk (cont'd)

Trade Receivables and Accrued Receivables (cont'd)

	Gross carrying amount US$'000	Lifetime expected credit losses US$'000	Net carrying amount US$'000
2019			
Credit impaired assets:			
Third Parties	24,185	(23,230)	955
Others:			
Third Parties			
Current	284,676	(82)	284,594
Past due:			
Up to three months	9,489	(57)	9,432
More than three months	7,900	(319)	7,581
	326,250	(23,688)	302,562

The movement in allowance for impairment of trade receivables is as follows:

	2020 US$'000	2019 US$'000
At 1 April	23,688	23,637
Impairment for the year (Note 6)	8,052	4,426
Impairment written back (Note 6)	(9,860)	(1,668)
Impairment written off	(12,612)	(2,707)
Disposal of interests in a group of subsidiaries	(414)	-
At 31 March (Note 21)	8,854	23,688

The impaired trade receivables arose from long outstanding amounts which remained unpaid at the reporting date and accordingly there are significant uncertainties on the recovery of the amounts. None of the trade receivables that have been written off is subject to enforcement activities.

(c) Liquidity Risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

33 Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity Risk (cont'd)

The following table is an analysis of the maturity profile of the Group's financial liabilities based on the expected contractual undiscounted cash outflows, including interest payments.

	Carrying Amounts	Cash Flows			
		Contractual cash flows	Within one year	Between two to five years	After five years
	US$'000	US$'000	US$'000	US$'000	US$'000
2020					
Trade and other payables	(451,580)	(451,580)	(451,580)	-	-
Bank loans	(1,689)	(1,865)	(651)	(1,214)	-
Other borrowings	(692,068)	(917,056)	(140,872)	(380,021)	(396,163)
Short-term borrowings	(185,728)	(185,728)	(185,728)	-	-
Lease liabilities	(138,141)	(154,299)	(69,311)	(84,988)	-
	(1,469,206)	(1,710,528)	(848,142)	(466,223)	(396,163)
2019					
Trade and other payables	(395,430)	(395,430)	(395,430)	-	-
Bank loans	(7,422)	(7,798)	(5,944)	(1,854)	-
Other borrowings	(396,367)	(553,410)	(77,169)	(216,100)	(260,141)
Short-term borrowings	(112,698)	(112,698)	(112,698)	-	-
	(911,917)	(1,069,336)	(591,241)	(217,954)	(260,141)

(B) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to operate as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders, to support the Group's stability and growth; and to provide capital for the purpose of strengthing the Group's financial management capability. There is no change in its capital management policy during the year.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Capital includes share capital, reserves and interest bearing debts.

The Group monitors capital based on a number of measures, including leverage ratio. The leverage ratio is computed as short and long-term debt over total assets. Short and long-term debt comprises short-term borrowings, other borrowings, and bank loans.

33 **Financial Risk Management Objectives and Policies** (cont'd)

(B) Capital Risk Management (cont'd)

	2020 US$'000	2019 US$'000
Short and long-term debt	879,485	516,487
Total assets	1,739,311	1,097,909
Leverage ratio	51%	47%

The Group does not have to comply with any externally imposed capital requirements for the financial years ended 31 March 2020 and 2019.

(C) Fair Value Estimation

The Group presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

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

Level 2 – Inputs other that 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.

(i) Fair Value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets				
2020	-	4,484	*	4,484
2019	8,175	-	*	8,175

*less than US$1,000

33 Financial Risk Management Objectives and Policies (cont'd)

C) Fair Value Estimation (cont'd)

(i) Fair Value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis. (cont'd)

Financial assets

Transfer of financial assets

The Group's policy is to regard transfers between fair value levels as having occurred at the date of the event giving rise to those transfers. There were no transfers between fair value levels during the year.

Level 1 Fair value measurement

The fair value of the securities is measured based on the current bid price of the financial asset as at year end.

Level 2 Fair value measurement

The fair value of forward contracts is determined using quoted forward currency rates at the balance sheet date. Observable prices are used for commodity contracts as a measure of fair value.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the carrying amounts of financial assets and liabilities with a maturity of less than one year, which include cash and bank balances, receivables and payables are assumed to approximate their fair values due to their short-term maturities.

The carrying value of bank loans, other borrowings and lease liabilities compared to fair value is shown below:

	2020		2019	
	Carrying value US$'000	Fair value US$'000	Carrying value US$'000	Fair value US$'000
Classified as Level 2 of Fair value hierarchy				
Bank loans and other borrowings	693,757	708,614	403,789	415,037
Lease liabilities	138,141	138,141	-	-

The fair value disclosed above is estimated by discounting expected future cash flows at market interest rates for similar lending arrangements at the reporting date.

34 Segment Information

Information about our reportable segments for the financial year are as follows:

- Asset Management – includes voyage charter, freight income and time and bareboat charter income.
- Services – includes bunker trading income, commission income, administration fees and management fees

(A) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Asset Management US$'000	Services US$'000	Reportable segments Subtotal US$'000	Eliminations US$'000	Total US$'000
2020					
Revenue	732,858	3,338,342	4,071,200	(455,022)	3,616,178
Operating expenses	(643,867)	(3,209,220)	(3,853,087)	442,375	(3,410,712)
Profit from operations	88,991	129,122	218,113	(12,647)	205,466
Other income	1,514	694	2,208	39	2,247
Other expenses	(81)	(126)	(207)	-	(207)
Administrative expenses	(1,650)	(79,388)	(81,038)	12,647	(68,391)
Finance income	392	3,287	3,679	(3,213)	466
Finance costs	(57,464)	(5,761)	(63,225)	3,213	(60,012)
Share of profits in associates and joint ventures	1,609	1,976	3,585	666	4,251
Profit before income tax	33,311	49,804	83,115	705	83,820
Income tax expense	-	(1,952)	(1,952)	-	(1,952)
Net profit for the year	33,311	47,852	81,163	705	81,868
2019					
Revenue	426,054	3,067,290	3,493,344	(343,094)	3,150,250
Operating expenses	(426,345)	(2,948,989)	(3,375,334)	327,630	(3,047,704)
Profit from operations	(291)	118,301	118,010	(15,464)	102,546
Other income	378	823	1,201	60	1,261
Other expenses	(916)	(470)	(1,386)	-	(1,386)
Administrative expenses	(2,821)	(78,721)	(81,542)	15,462	(66,080)
Finance income	18	2,832	2,850	(2,791)	59
Finance costs	(19,705)	(5,026)	(24,731)	2,791	(21,940)
Share of (losses)/profits in associates and a joint venture	(4,832)	1,148	(3,684)	-	(3,684)
	(28,169)	38,887	10,718	58	10,776
Exceptional item-Net gain on disposal of financial assets	2,327	-	2,327	-	2,327
(Loss)/Profit before income tax	(25,842)	38,887	13,045	58	13,103
Income tax expense	2	(2,232)	(2,230)	-	(2,230)
Net (loss)/profit for the year	(25,840)	36,655	10,815	58	10,873

34 Segment Information (cont'd)

(B) Reconciliation

	2020 US$'000	2019 US$'000
(i) Segment assets		
Asset Management	1,176,145	735,115
Services	726,804	673,120
Total segment assets	1,902,949	1,408,235
Eliminations	(163,638)	(310,326)
Consolidated total assets	1,739,311	1,097,909
(ii) Segment liabilities		
Asset Management	(1,211,486)	(817,344)
Services	(392,542)	(354,978)
Total segment liabilities	(1,604,028)	(1,172,322)
Eliminations	133,107	257,905
Consolidated total liabilities	(1,470,921)	(914,417)

C) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Asset Management	51,165	7,127	446,074	255,980
Services	3,563	1,666	9,308	2,740
Total	54,728	8,793	455,382	258,720

35 Commitments

(a) As lessee

The Group has commitments for minimum bareboat and time charter and rental payments for office premises and facilities for lease term of between two to ten years. There are no restrictions placed upon the Group by entering into these leases. As at 31 March 2019, the future aggregate minimum lease payments under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

(i) Bareboat and Time Charter

	2019
	US$'000
Due:	
Within one year	34,042
Between two to five years	894
	34,936

(ii) Office Rentals

	2019
	US$'000
Due:	
Within one year	2,727
Between two to five years	8,320
	11,047

On adoption of IFRS 16 effective from 1 January 2019, the Group have recognised right-of-use assets and lease liabilities for these leases, except for short-term and low value leases (Note 2(a)).

(b) As lessor

At reporting date, the Group's subsidiaries and joint venture companies have chartered out a number of vessels under time charter and bareboat charter agreements which are classified as non-cancellable operating leases. These charters have terms ranging from two to three years. Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2020	2019
	US$'000	US$'000
Due:		
Within one year	77,470	2,053
One to two years	29,018	619
Two to three years	29,018	-
	135,506	2,672

Operating lease receipts are recognised in profit or loss during the financial year as part of revenue.

35 **Commitments** (cont'd)

(c) Capital commitment

At reporting date, capital expenditure contracted for as at 31 March but not recognised in the financial statement is as follows:

	2020 US$'000	2019 US$'000
Commitments related to shipyard instalments	-	266,328

36 Preference Share Dividends

At the balance sheet date, there were accumulated and unpaid preference share dividends amounting to US$50.9 million (2019: US$46.7 million).

37 Subsequent Events

(a) In April 2020, the Group, through its subsidiary, bought back US$1,400,000 of its bond.

(b) In May 2020, the Group, through its subsidiaries, carried out an on-market share acquisition in Awilco LNG ASA. The Group in aggregate purchased 26,023,392 shares in Awilco LNG ASA, which represents 19.6% of the issuer's total shares outstanding.

(c) On 17 July 2020, a preference dividend of US$35.9 million was declared by the Company.