

INDMET MINING PTE. LTD.
(Registration No. 201008960C)

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED
31 MARCH 2018**

INDMET MINING PTE. LTD.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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INDMET MINING PTE. LTD.

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of Indmet Mining Pte. Ltd. (the "Company") for the financial year ended 31 March 2018.

In the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018, and of the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, with the continuing financial support from its holding company, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Subhrakant Panda
Loke Poh Keun
Prem Khandelwal

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies <u>in which interests are held</u>	<u>Ordinary shares</u>	
	<u>At the beginning of the year</u>	<u>At the end of the year</u>
Ultimate Holding company <u>B Panda and Company Pvt Ltd</u>		
Subhrakant Panda	566	566
Holding company - <u>Indian Metals & Ferro Alloys Limited</u>		
Subhrakant Panda	218,095	218,095
Prem Khandelwal	240	240
Related company – <u>Utkal Coal Ltd</u>		
Subhrakant Panda	1,010	1,020

INDMET MINING PTE. LTD.

DIRECTORS' STATEMENT

4. SHARE OPTIONS

- (a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

- (b) Options exercised

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

- (c) Unissued shares under option

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

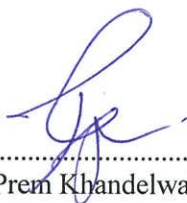
5. AUDITORS

The auditors, Ecovis Assurance LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

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.....
Subhrakant Panda



.....
Prem Khandelwal

Date: 30 APR 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
INDMET MINING PTE. LTD.**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **INDMET MINING PTE. LTD.** (the "Company") which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 20.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis of Opinion

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

Emphasis of Matter

As disclosed in Note 8 to the financial statements, the subsidiary holds a production mining business licence for coal as IUP No. 569 of 2009 (the "Mining Concession") for an area of 3,674 hectare, located at Kacamatan Raren Batuah and Dusun Tengah, Kabupaten Barito Timur, Kalimantan Tengah. The Mining Concession was granted by the Head of the Regency i.e. the Regent (Bupati) under a legal Decree and is valid for 10 years, extendable for 10 (ten) years 2 (two) times respectively. However, the subsidiary could not start production activities for extracting coal from the area under the Mining Concession due to the following reasons:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
INDMET MINING PTE. LTD.**

- a) the area under the Mining Concession is overlapping with the mining concession granted to few other entities; and
- b) the boundaries of the regency in which the subsidiary's Mining Concession falls are disputed to cross over to the boundaries of other regencies and province as per different conflicting maps issued by various authorities of Indonesia.

Despite several follow ups with the Government agencies of Indonesia and assurances from them for resolution of issues, the matter was not resolved. Further the Indonesian legislation was changed retrospectively requiring foreign ownership in mining investment to hold no more than 49% of the mining investment at the end of 10th year of production.

Consequently, Indian Metals & Ferro Alloys Ltd ("IMFA"), the ultimate holding company of the Company has on 24 July 2015, served a notice of arbitration on the Government of Indonesia pursuant to Article 3 of the United Nations Commission on International Trade Law Arbitration Rules and Article 9 of an Agreement between the Government of the Republic of Indonesia and the Republic of India for the Promotion and Protection of Investments (the "Treaty") raising claims of breach of the protections granted under the Treaty. On 23 December 2016, IMFA filed its statement of claim. The matter is now scheduled for a final hearing in August 2018.

Management in consultation with its legal counsel is of the opinion that the likely outcome of the arbitration would be positive as it is supported by international law and the Treaty between the Indonesian and Indian government. Our opinion is not qualified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for other information. The other information comprises the Directors' Statement, as set out on pages 1 to 2.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
INDMET MINING PTE. LTD.**

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
INDMET MINING PTE. LTD.**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Ecovis Assurance LLP

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

30 April 2018

INDMET MINING PTE. LTD.**STATEMENT OF FINANCIAL POSITION***As at 31 March 2018*

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6	1,281,210	1,415,848
Other receivables	7	1,176,354	1,139,098
Total current assets		<u>2,457,564</u>	<u>2,554,946</u>
Non-current asset			
Investment in a subsidiary	8	<u>8,750,000</u>	<u>8,750,000</u>
Total assets		<u>11,207,564</u>	<u>11,304,946</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Other payables	9	4,837	4,355
Income tax payable		109	211
Total current liabilities		<u>4,946</u>	<u>4,566</u>
Non-current liability			
Deferred tax	10	<u>2,906</u>	<u>2,906</u>
Capital and reserve			
Share capital	11	11,722,110	11,722,110
Accumulated losses		(522,398)	(424,636)
Total equity		<u>11,199,712</u>	<u>11,297,474</u>
Total liabilities and equity		<u>11,207,564</u>	<u>11,304,946</u>

See accompanying notes to financial statements.

INDMET MINING PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	<u>Note</u>	<u>2018</u> US\$	<u>2017</u> US\$
Other income – Interest income		12,562	12,287
Other operating expenses		(9,062)	(7,569)
Legal and professional fees		<u>(101,112)</u>	<u>(15,600)</u>
Loss before income tax		(97,612)	(10,882)
Income tax	12	<u>(150)</u>	<u>(215)</u>
Loss for the year, representing total comprehensive income for the year		<u>(97,762)</u>	<u>(11,097)</u>

See accompanying notes to financial statements.

INDMET MINING PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2018*

	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
At 1 April 2016	11,722,110	(413,539)	11,308,571
<i>Total comprehensive income for the year</i>			
Loss for the year	<u>-</u>	<u>(11,097)</u>	<u>(11,097)</u>
At 31 March 2017	11,722,110	(424,636)	11,297,474
<i>Total comprehensive income for the year</i>			
Loss for the year	<u>-</u>	<u>(97,762)</u>	<u>(97,762)</u>
At 31 March 2018	<u>11,722,110</u>	<u>(522,398)</u>	<u>11,199,712</u>

See accompanying notes to financial statements.

INDMET MINING PTE. LTD.**STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2018*

	<u>2018</u> US\$	<u>2017</u> US\$
Cash flows from operating activities:		
Loss before income tax	(97,612)	(10,882)
Adjustments for:		
Interest income	<u>(12,562)</u>	<u>(12,287)</u>
Operating cash flows before movements in working capital	(110,174)	(23,169)
Changes in working capital:		
Other receivables	(344)	1,070
Other payables	482	<u>(7,868)</u>
Net cash generated used in operations	<u>(109,348)</u>	<u>(29,967)</u>
Income taxes paid	<u>(252)</u>	<u>(201)</u>
Net cash used in operating activities	<u>(109,600)</u>	<u>(30,168)</u>
Cash flows from investing activities:		
Interest income	12,562	12,287
Loan to subsidiary	<u>(37,600)</u>	<u>(374,752)</u>
Net cash used in investing activities	<u>(25,038)</u>	<u>(362,465)</u>
Net decrease in cash and cash equivalents	(134,638)	(392,633)
Cash and cash equivalents at the beginning of the year	<u>1,415,848</u>	<u>1,808,481</u>
Cash and cash equivalents at the end of the year (Note 6)	<u>1,281,210</u>	<u>1,415,848</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

1. GENERAL

The Company (Registration No. 201008960C) is incorporated and domiciled in Singapore with its registered office at 100 Tras Street #16-01, 100 AM, Singapore 079027. The financial statements are expressed in United States dollars, which is the functional currency of the Company.

The principal activity of the Company is that of a trading and investment holding company.

The principal activity of the subsidiary is disclosed in Note 8.

The financial statements of the Company for the year ended 31 March 2018 were authorised for issue by the Board of Directors on the date of the Statement of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost convention, except for the accounting policies mentioned below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Company that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

CONSOLIDATED FINANCIAL STATEMENTS - The financial statements of the subsidiary has not been consolidated with the Company's financial statements as the Company itself is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the ultimate holding company, Indian Metals & Ferro Alloys Limited, incorporated in India, on a worldwide basis and such financial statements are publicly available. The registered address of Indian Metals & Ferro Alloys Limited is IMFA building, Bhubaneswar 751010, Orissa, India.

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

Investment in subsidiary in the financial statements of the Company are carried at cost, less any impairment in net recoverable value that has been recognised in profit or loss.

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

Effective interest method

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

Financial assets

Loans and receivables

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other payables

Other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

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

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

INDMET MINING PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency) which is the United States dollars.

Transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) Critical judgements in applying the Company's accounting policies

Management are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements except as disclosed in Note 8 to the financial statements.

(ii) Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed in Note 8.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	<u>2018</u> US\$	<u>2017</u> US\$
<u>Financial assets</u>		
Cash and cash equivalents	1,281,210	1,415,848
Other receivables (excluding prepayments)	<u>1,175,883</u>	<u>1,138,650</u>
Total loans and receivables	<u>2,457,093</u>	<u>2,554,498</u>
<u>Financial liability</u>		
Other payables at amortised cost	<u>4,837</u>	<u>4,355</u>

(b) Financial risk management policies and objectives

The Company's major financial instruments include cash and cash equivalents, other receivables and other payables. The risks associated with these financial instruments include market risk (primarily being foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

i) Foreign currency risk

The Company has investments in a foreign subsidiary whose assets are exposed to currency translation to risk. The Company does not hedge against currency exchange exposure arising from such investments as they are deemed to be long term in nature, hence no foreign exchange risk sensitivity analysis is performed.

ii) Interest rate risk

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

The interest rate and terms of repayment of fixed deposits are disclosed in Note 6. No sensitivity analysis is management is of the view that any reasonable possible changes in interest rate is not expected to have a significant effect on profit or loss.

iii) Credit risk

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

The Company's credit risk is primarily attributable to its bank balance and other receivables. The Company has no significant concentration of credit risk with any party other than the receivables from its subsidiary.

The credit risk on liquid funds is limited because the counterparty is bank with high credit-ratings assigned by international credit-rating agencies.

iv) Liquidity risk

The directors are of the opinion that the Company has enough liquidity to meets its obligations. The Company's operations are financed mainly through equity and financial support from the holding company.

All financial assets and liabilities in 2017 and 2018 are repayable on demand or due within 1 year from the end of the reporting period, and are non-interest bearing.

v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, other receivables, other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(c) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of share capital and accumulated losses. The Company's overall strategy remains unchanged from 2017.

Management reviews the capital structure on an annual basis to balance its overall capital structure through the issue of new capital and obtaining funding from the holding company.

The Company is not subject to any externally imposed capital requirements for the years ended 31 March 2018 and 2017.

INDMET MINING PTE. LTD.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a wholly owned subsidiary of Indian Metals & Ferro Alloys Limited, incorporated in India. The ultimate holding company is B Panda and Company Pvt Ltd, a company also incorporated in India. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and are to be settled in cash unless otherwise stated.

6. CASH AND CASH EQUIVALENTS

	<u>2018</u> US\$	<u>2017</u> US\$
Cash at bank	111,210	105,848
Fixed deposits	<u>1,170,000</u>	<u>1,310,000</u>
Cash and cash equivalents in statement of cash flows	<u>1,281,210</u>	<u>1,415,848</u>

Fixed deposits bear average effective interest rate of 1.00% (2017: 0.74%) per annum and for an average tenure of 365 days (2017: 365) days. Management considers that the fixed deposits as cash and cash equivalents as the fixed deposits can be converted into cash without incurring significant costs.

7. OTHER RECEIVABLES

	<u>2018</u> US\$	<u>2017</u> US\$
Loan to subsidiary	1,170,001	1,132,400
Other receivables	5,882	6,250
Prepayments	471	448
	<u>1,176,354</u>	<u>1,139,098</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

8. INVESTMENT IN A SUBSIDIARY

	<u>Company</u>	
	<u>2018</u> US\$	<u>2017</u> US\$
Unquoted equity shares, at cost	<u>8,750,000</u>	<u>8,750,000</u>

Details of the Company's subsidiary at 31 March 2018 are as follows:

<u>Name of subsidiary</u>	<u>Principal activity/ Country of incorporation and operations</u>	<u>Proportion of ownership interest/voting power held</u>	
		<u>2018</u> %	<u>2017</u> %
PT Sumber Rahayu Indah	Inactive / Indonesia	70	70

The subsidiary holds a production mining business licence for coal as IUP No. 569 of 2009 (the "Mining Concession") for an area of 3,674 hectare, located at Kecamatan Raren Batuah and Dusun Tengah, Kabupaten Barito Timur, Kalimantan Tengah. The Mining Concession was granted by the Head of the Regency i.e. the Regent (Bupati) under a legal Decree and is valid for 10 years, extendable for 10 (ten) years 2 (two) times respectively. However, the subsidiary could not start production activities for extracting coal from the area under the Mining Concession due to the following reasons:

- a) the area under the Mining Concession is overlapping with the mining concession granted to few other entities; and
- b) the boundaries of the regency in which the subsidiary's Mining Concession falls are disputed to cross over to the boundaries of other regencies and province as per different conflicting maps issued by various authorities of Indonesia.

Despite several follow ups with the Government agencies of Indonesia and assurances from them for resolution of issues, the matter was not resolved. Further the Indonesian legislation was changed retrospectively requiring foreign ownership in mining investment to hold no more than 49% of the mining investment at the end of 10th year of production.

Consequently, Indian Metals & Ferro Alloys Ltd ("IMFA"), the ultimate holding company of the Company has on 24 July 2015, served a notice of arbitration on the Government of Indonesia pursuant to Article 3 of the United Nations Commission on International Trade Law Arbitration Rules and Article 9 of an Agreement between the Government of the Republic of Indonesia and the Republic of India for the Promotion and Protection of Investments (the "Treaty") raising claims of breach of the protections granted under the Treaty. On 23 December 2016, IMFA filed its statement of claim. The matter is now scheduled for a final hearing in August 2018.

Management in consultation with its legal counsel is of the opinion that the likely outcome of the arbitration would be positive as it is supported by international law and the Treaty between the Indonesian and Indian government.

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NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

9. OTHER PAYABLES

	<u>2018</u> US\$	<u>2017</u> US\$
Accrued expenses	<u>4,837</u>	<u>4,355</u>

The Company's other payables that are not denominated in the Company's functional currency are as follows:

	<u>2018</u> US\$	<u>2017</u> US\$
Singapore dollar	<u>4,837</u>	<u>4,355</u>

10. DEFERRED TAX

Deferred tax represents income earned which have yet to be remitted and accordingly are yet to be subject to income tax. The movement is as follows:

	<u>2018</u> US\$	<u>2017</u> US\$
At beginning and end of the year	<u>2,906</u>	<u>2,906</u>

11. SHARE CAPITAL

	<u>2018</u> <u>Number of ordinary shares</u>	<u>2017</u> <u>Number of ordinary shares</u>	<u>2018</u> US\$	<u>2017</u> US\$
<u>Issued and fully paid</u>				
At beginning and end of the year	<u>14,738,801</u>	<u>14,738,801</u>	<u>11,722,110</u>	<u>11,722,110</u>

The Company has one class of ordinary shares with no par value which carry no right to fixed income.

12. INCOME TAX

	<u>2018</u> US\$	<u>2017</u> US\$
Current	<u>150</u>	<u>215</u>

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable loss for the year. The total tax for the year can be reconciled to the accounting loss as follows:

	<u>2018</u> US\$	<u>2017</u> US\$
Loss before income tax	<u>(97,612)</u>	<u>(10,882)</u>
Income tax benefit calculated at 17%	(16,594)	(1,850)
Non-allowable expenses	17,346	2,924
Income tax exemption	(602)	(859)
Income tax recognised in profit or loss	<u>150</u>	<u>215</u>