# Monnet Global Limited
# Financial Statements
# March 31, 2016

## Monnet Global Limited

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## March 31, 2016

## Director's Report
## Year Ended March 31, 2016

The Directors hereby present the annual report together with the audited financial statements of Monnet Global Limited for the year ended March 31, 2016.

### Financial Results

The Company has reported net loss of USD 10,969,495 (Previous year USD 4,515,330) for the year ended March 31, 2016.

### Going Concern

The retained losses of the Company exceeds its share capital by USD 23,459,380. The Management has no intention of discontinuing the operations of the Company. The shareholder has undertaken to provide continued financial support to the Company.

### Board of Directors

During the year there were no changes in the composition of the Board of Directors of the Company.

### Auditors

M/s TRC Pamco Middle East Auditing & Accounting, Chartered Accountants, will retire at the conclusion of the meeting, have expressed their willingness to continue in office and are eligible for re-appointment.

### Other Matters

At the end of this report the Board of Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts, which would render any amount stated in the accounts misleading.

**On behalf of the Board of Directors**

**Director**
**Dubai**
**May 25, 2016**

# Independent Auditor's Report

**The Shareholder**
**Monnet Global Limited**

## Report on the Financial Statements

We have audited the accompanying financial statements of Monnet Global Limited, ("the Company"), which comprise of the Statement of Financial Position as at March 31, 2016, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards and the Jebel Ali Free Zone Authority Offshore Companies Regulations of 2003. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit so as to obtain all information and explanations which we consider necessary to provide reasonable assurance whether the financial statements are free of material misstatements.

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

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

TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.



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**Basis for Qualified Opinion**

i) Pre-operative expenses - The Company has not charged pre-operative expenses to the Statement of Comprehensive Income but has deferred it by capitalising it as an asset. This has resulted in the retained losses being understated by USD 1,441,621 and the total assets being overstated by an equivalent amount.

ii) Expenditure pending capitalisation - These are payments to suppliers as informed by the management towards acquisition of mines which is classified under expenditure pending capitalization amounting to USD 27,657,334 in the financial statements. Documentation has not been provided to confirm the nature of these payments nor did we receive statement of account from the suppliers or balance confirmations.

In view of the above, there could be a possibility of overstatement of assets and understatement of expense which cannot be quantified.

iii) Other receivable - There is an advance to supplier amounting to USD 400,000 classified under other receivable in the financial statements and has been outstanding for more than 24 months. We have not received a balance confirmation from the supplier and no provision has also been made in the accounts. We unable to ascertain the recoverability of this receivable. In the event of non recovery these advances may have to be written off as bad debts and charged to the profit and loss.

**Qualified Opinion**

Subject to above, in our opinion, the financial statements, referred to above, present fairly, in all material aspects, the financial position of Monnet Global Limited as at March 31, 2016, and of its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

**Emphasis of Matter**

As at March 31, 2016, the retained losses of the Company exceed its share capital by USD 23,459,381. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued financial support to the Company by its shareholder. The financial statements do not include any adjustment that should result from a failure to obtain such continued financial support.

TRC PAMCO M.E

TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**TRC Pamco Middle East Auditing & Accounting**
**Chartered Accountants**
**Dubai**
**May 25, 2016**



E-09, Al Owais Build., Rigga Road, P O Box 94570, Dubai. Tel: 04 229 8777, Fax: 04 299 9225, Email: info@trcpamco.com

## Monnet Global Limited

## Statement of Financial Position
## As at March 31, 2016

| (Figures in USD) | Note | 2016 | 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Bank balances and cash | 5 | 39,155 | 46,947 |
| Trade accounts receivable | 6 | 53,772 | 28,786 |
| Other receivable and prepayments | 7 | 109,860 | 99,046 |
| Total Current Assets | | 202,787 | 174,779 |
| **Non-Current Assets** | | | |
| Other receivable and prepayments | 7 | 4,411,503 | 4,527,630 |
| Expenditure pending capitalisation | | 27,657,335 | 27,657,335 |
| Property, plant and equipment | 8 | 3,498,321 | 3,834,431 |
| Investment in subsidiaries | 9 | 24,388,325 | 24,478,632 |
| Pre-operative expenses | 10 | 1,441,621 | 1,441,621 |
| Total Non-Current Assets | | 61,397,105 | 61,939,649 |
| **Total Assets** | | **61,599,892** | **62,114,428** |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Other payable | 11 | 5,415,374 | 3,840,591 |
| Term loans | 12 | 13,333,333 | Nil |
| Total Current Liabilities | | 18,748,707 | 3,840,591 |
| **Non-Current Liabilities** | | | |
| Term loans | 12 | 26,666,667 | 40,000,000 |
| Total Non-Current Liabilities | | 26,666,667 | 40,000,000 |
| **Equity** | | | |
| Share capital | 13 | 5,007,797 | 5,007,797 |
| Retained earnings | | (28,467,177) | (17,497,682) |
| Shareholder's loan | 14 | 39,643,898 | 30,763,722 |
| Total Equity Attributable to the Shareholder | | 16,184,518 | 18,273,837 |
| **Total Liabilities and Equity** | | **61,599,892** | **62,114,428** |

**These financial statements were approved by the Board of Directors on May 25, 2016 and signed on their behalf by:**

Director

The accompanying notes form an integral part of the financial statements.

## Monnet Global Limited

## Statement of Comprehensive Income
## Year Ended March 31, 2016

| (Figures in USD) | Note | 2016 | 2015 |
|---|---|---|---|
| Other income | 16 | 122,603 | 116,695 |
| General and administration expenses | 17 | (7,501,461) | (1,438,721) |
| Finance costs | 18 | (3,589,033) | (3,187,165) |
| **Operating loss for the year** | | **(10,967,891)** | **(4,509,191)** |
| Share of losses in subsidiaries | | (1,604) | (6,139) |
| **Loss for the year** | | **(10,969,495)** | **(4,515,330)** |

## Statement of Changes in Equity
## Year Ended March 31, 2016

| (Figures in USD) | Share Capital | Retained Earnings | Shareholder's Loan | Total |
|---|---|---|---|---|
| As at April 01, 2014 | 5,007,797 | (12,982,352) | 20,910,000 | 12,935,445 |
| Loss for the year | Nil | (4,515,330) | Nil | (4,515,330) |
| Net movements during the year | Nil | Nil | 9,853,722 | 9,853,722 |
| **As at March 31, 2015** | **5,007,797** | **(17,497,682)** | **30,763,722** | **18,273,837** |
| Loss for the year | Nil | (10,969,495) | Nil | (10,969,495) |
| Net movements during the year | Nil | Nil | 8,880,176 | 8,880,176 |
| **As at March 31, 2016** | **5,007,797** | **(28,467,177)** | **39,643,898** | **16,184,518** |

The accompanying notes form an integral part of the financial statements.

## Monnet Global Limited
## Statement of Cash Flows
## Year Ended March 31, 2016

| (Figures in USD) | 2016 | 2015 |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Loss for the year | (10,969,495) | (4,515,330) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 336,110 | 336,111 |
| Share of losses in subsidiaries | 1,604 | 6,139 |
| Investments in subsidiaries written off | 90,548 | Nil |
| Amounts due from subsidiaries written off | 231,440 | Nil |
| Changes in operating assets and liabilities | | |
| Increase in trade accounts and other receivable | (152,958) | (1,063,564) |
| Increase in other payable | 3,614,959 | 2,226,013 |
| Net cash used in operating activities | (6,847,792) | (3,010,631) |
| **Cash Flow from Financing Activities** | | |
| Shareholder's loan | 6,840,000 | 2,965,000 |
| Net cash generated from financing activities | 6,840,000 | 2,965,000 |
| Net change in cash and cash equivalents | (7,792) | (45,631) |
| Cash and cash equivalents at beginning of the year | 46,947 | 92,578 |
| Cash and cash equivalents at end of the year | **39,155** | **46,947** |

The accompanying notes form an integral part of the financial statements.

## 1 Legal Status, Management and Business Activity

Monnet Global Limited is an Offshore Company with limited liability formed in accordance with the provisions of the Jebel Ali Free Zone Authority Offshore Companies Regulations of 2003 and registered under registration no. O F 1564.

The registered address of the Company is Office 104, Plot No. 358-615, Al Quoz 3, P.O. Box 17870, Dubai, United Arab Emirates.

The shareholder of the Company is :

| Name | Authorised Share Capital (number of shares) | Percentage of Shares held |
|---|---|---|
| Monnet Ispat & Energy Limited | 400,000 | 100 |
| **Total** | **400,000** | **100** |

The Company is managed by its Board of Directors.

The Company is permitted to explore oil and gas, manufacture and trade in steel, cement and carry out other industrial activities.

During the year, the Company had not commenced its commercial operations.

## 2 Basis of Preparation of Financial Statements

These financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards issued by International Accounting Standards Board. They are presented in United States Dollar, currency of United States of America. The presentation of financial statements in accordance with the International Financial Reporting Standards requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

The financial statements have been prepared under the historical cost convention basis.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the 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 revision and future periods if the revision affects both current and future periods.

## 2 Basis of Preparation of Financial Statements (Continued)

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in Note 3.

The retained losses of the Company have exceed the share capital of the Company. The financial statements of the Company are being prepared on a going concern basis as the Shareholders have undertaken to provide continued financial support to the Company to meet its working capital requirements. The Management has no intention to liquidate or discontinue with its operations. The assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The Company's investment in subsidiaries are not consolidated in the preparation of these financial statements. These financial statements of the Company are prepared on a stand alone basis with the investment in subsidiaries stated at cost less impairment, if any.

## 3 Summary of Significant Accounting Policies

### Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company activities.

Revenue from rentals of aircraft is recognised based on the period for which the aircraft is rented out as agreed with the client.

Rental income from building leased to associate under an operating lease is recognised on a straight line basis over the lease term and included in other income.

### Property, Plant and Equipment

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of replacing or addition to an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

## 3 Summary of Significant Accounting Policies (Continued)

### Property, Plant and Equipment (Continued)

Depreciation is charged to write off the cost of assets using the straight line method as follows:

| | |
|---|---|
| Aircraft | 5.61% p.a. |
| Building | 3.34% p.a. |
| Computers | 16.21% p.a. |
| Office Equipments | 4.75% p.a. |
| Furniture and Fixtures | 6.33% p.a. |

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Company through the use of items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss in the statement of income.

### Investment in Subsidiaries

Investment in subsidiaries represents investments in entities over which the Company has the power to control, through governing the investee's financial and operating policy decisions so as to obtain benefits from its activities. Investments in subsidiaries are accounted for at cost less any accumulated impairment losses. Dividend income from investments in subsidiaries is recognised when the Company's right to receive payment has been established and is included in other income.

### Financial Instruments

Financial assets are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company derecognises financial liabilities when they are discharged, cancelled or expired. These are stated at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

Financial instruments comprise of trade accounts and other receivable, amounts due from related parties, cash in hand and at bank, other payable, investments in subsidiaries and term loans.

## 3 Summary of Significant Accounting Policies (Continued)

### Trade Accounts and Other Receivable

Receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The Management undertakes a periodic review of amounts recoverable from other receivable, and determines recoverability based on various factors such as ageing of receivable, payment history, collateral available and other knowledge about the receivable.

Provisions created during the year are reflected in the operating results of the year. Debts which are recognised as unrealizable are written off during the year.

### Cash and Cash Equivalents

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

### Other Payable

Other payable are stated at nominal amounts payable for goods or services rendered.

### Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of transaction costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

### Provisions

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

### Leases

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

## 3 Summary of Significant Accounting Policies (Continued)

### Foreign Currencies Translations

The financial statements are presented in United States Dollar, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## 4 Financial Risk Management and Capital Management

### Financial Risk Management

The Company is exposed to financial risks of markets mainly related to currency risk, interest rate risks, other price risks, credit risks and liquidity risk. The Company's policies and procedures keeps the Management updated on these risks and it takes appropriate measures to control or minimise its adverse effects if any on the financial position and performance of the Company.

### Market Risks

Market risks is the risk that is associated with the changes in market prices and market rates, such as interest rates, equity prices and currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risks exposures within acceptable parameters, while optimising the returns on the risks.

### Currency Risk

The Company's substantial assets and liabilities are denominated in United States Dollars and hence there is no significant exchange risks.

The Company's exposures to foreign currency denominated assets is given below:

| | Indonesian Rupiah IDR | United States Dollars USD |
|---|---|---|
| Cash balance in foreign currency | 7,836,400 | 594 |
| Bank balance in foreign currency | 26,649,032 | 2,020 |

### Interest Rate Risk

Interest on shareholder's loan and term loan are at a rate of 4.5% per annum and 3.5% per annum over LIBOR, respectively. If the interest rate on such loans is decreased/increased by 1% with all other variables remaining constant, net loss for the year would have been higher/lower by USD 796,439.

## 4 Financial Risk Management and Capital Management (Continued)

### Credit Risk

Credit risk is the risk of financial loss to the Company if the customer or counterparty to the financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to other receivable, amounts due from related parties and cash at bank. The exposure to credit risk on other receivable and amounts due from related parties is monitored on an ongoing basis by the management and these are considered as recoverable by the Management. The Company's bank account are placed with regulated financial institutions.

Amounts due from employees, advances and other receivable are settled in the ordinary course of business.

| Exposure to credit risk: | 2016 | 2015 |
|---|---|---|
| Due from subsidiary and branches | 3,809,446 | 3,925,573 |
| Due from associates | 47,899 | 28,585 |
| Other receivable | 404,000 | 400,000 |

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk relates to other payable, amounts due to related parties and long-term bank loans. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities and obligations as and when they fall due without having to face any losses which may adversely effect the Company's financial position and reputation.

| Exposure to Liquidity risk: | 2016 | 2015 |
|---|---|---|
| Bank loan | 40,000,000 | 40,000,000 |
| Due to shareholder | 5,346 | 3,213 |
| Due to subsidiaries | Nil | 1,801 |
| Due to associate | 2,787,098 | 2,787,098 |
| Interest payable | 2,532,996 | 988,458 |
| Accrued expenses | 89,934 | 60,021 |

The following is the aging of payable:

| | | |
|---|---|---|
| Within one year | 18,748,707 | 3,840,591 |
| Within two to five years | 26,666,667 | 40,000,000 |

### Fair Values

At the balance sheet date, the carrying amounts of the financial assets and financial liabilities represent their fair values.

## 4 Financial Risk Management and Capital Management (Continued)

### Capital Management

The Company's objectives in maintaining capital are:

- To enable it to continue as a going concern and to maximise the wealth and returns to its shareholders.

- To have sufficient resources for company's future expansion and development.

The capital risk of the company is associated with the capital invested towards the exploration of the mines and minerals for the areas which is being surveyed and the possibility that the areas not being suitable for its exploration.

The Company's policies are being monitored periodically by the Management to counter these risks and the shareholder is providing the necessary capital as and when required towards meeting the capital requirements of the company.

| (Figures in USD) | 2016 | 2015 |
|---|---|---|

## 5 Bank Balances and Cash

| | | |
|---|---|---|
| Cash in hand | 594 | 994 |
| Balance in local currency accounts | 36,541 | 41,094 |
| Balance in foreign currency accounts | 2,020 | 4,859 |
| | 39,155 | 46,947 |

## 6 Trade Accounts Receivable

| | | |
|---|---|---|
| Outstanding for less than 6 months | 53,772 | 28,786 |
| | 53,772 | 28,786 |

## 7 Other Receivable and Prepayments

| | | |
|---|---|---|
| Due from subsidiaries and branches | 3,809,446 | 3,925,573 |
| Due from Associates | 47,899 | 28,585 |
| Due from employees | 54,259 | 58,300 |
| Prepaid expenses | 3,702 | 12,161 |
| Deposits | 202,057 | 202,057 |
| Other receivable | 404,000 | 400,000 |
| | 4,521,363 | 4,626,676 |

| | | |
|---|---|---|
| Other receivable and prepayments are classified as under: | | |
| Current portion | 109,860 | 99,046 |
| Non-current portion | 4,411,503 | 4,527,630 |
| | 4,521,363 | 4,626,676 |

(Figures in USD)

## 8 Property, Plant and Equipment

| | Aircraft | Buildings | Computers | Office Equipments | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|
| **Original Cost :** | | | | | | |
| As at March 31, 2015 | 5,705,999 | 451,203 | 4,816 | 1,672 | 1,191 | 6,164,881 |
| As at March 31, 2016 | 5,705,999 | 451,203 | 4,816 | 1,672 | 1,191 | 6,164,881 |
| **Depreciation :** | | | | | | |
| As at March 31, 2015 | 2,240,749 | 85,579 | 3,291 | 407 | 424 | 2,330,450 |
| Charge for the year | 320,107 | 15,070 | 779 | 79 | 75 | 336,110 |
| As at March 31, 2016 | 2,560,856 | 100,649 | 4,070 | 486 | 499 | 2,666,560 |
| **Net Block :** | | | | | | |
| As at March 31, 2016 | 3,145,143 | 350,554 | 746 | 1,186 | 692 | 3,498,321 |
| As at March 31, 2015 | 3,465,250 | 365,624 | 1,525 | 1,265 | 767 | 3,834,431 |

## 9 Investments in Subsidiaries

| | 2016 | 2015 |
|---|---|---|
| PT Sarwa Sembada Karya Bumi | 24,288,605 | 24,289,994 |
| PT Monnet Global | 97,770 | 97,985 |
| Monnet Global (Liberia) Limited | Nil | 86,978 |
| Monnet Global Guinea - SAU | Nil | 3,570 |
| Black Sea Natural Resources, Abkhazia | 1,950 | 105 |
| | 24,388,325 | 24,478,632 |

## 10 Pre-Operative Expenses

| | 2016 | 2015 |
|---|---|---|
| General and administration | 1,441,621 | 1,441,621 |
| | 1,441,621 | 1,441,621 |

The pre-operative expense relates to expenses prior to commencement of commercial operations in West Africa. The Management intends to amortise these expenses over a defined period on the commencement of its operations.

| (Figures In USD) | 2016 | 2015 |
|---|---|---|

## 11 Other Payable

| | | |
|---|---|---|
| Due to shareholder | 5,346 | 3,213 |
| Due to subsidiaries | Nil | 1,801 |
| Due to associate | 2,787,098 | 2,787,098 |
| Interest payable | 2,532,996 | 988,458 |
| Accrued expenses | 89,934 | 60,021 |
| | 5,415,374 | 3,840,591 |

## 12 Term Loans

| | | |
|---|---|---|
| Bank loan | 40,000,000 | 40,000,000 |
| | 40,000,000 | 40,000,000 |

| The above term loans is repayable as under : | | |
|---|---|---|
| Within one year | 13,333,333 | Nil |
| In the second year | 13,333,333 | 13,333,333 |
| In third to fifth year | 13,333,334 | 26,666,667 |

The above term loan is re-financed with revised repayment terms and are secured against:

1. First and exclusive pledge of shares of PT Sarwa Sembada Karya Bumi held by the Company.
2. First and exclusive pledge of all existing and future shares of Company held by its Ultimate Parent Company.
3. Corporate guarantee of Ultimate Parent Company and PT Sarwa Sembada Karya Bumi.
4. Assignment and charge over the shareholder's loan extended by Company to PT Sarwa Sembada Karya Bumi.
5. Assignment and charge over the coal sale contract entered into between the Company and PT Sarwa Sembada Karya Bumi.

## 13 Share Capital

| | | |
|---|---|---|
| 183,786 shares of AED 100 each subscribed and paid up | 5,007,797 | 5,007,797 |
| | 5,007,797 | 5,007,797 |

## 14 Shareholder's Loan

| | | |
|---|---|---|
| Monnet Ispat & Energy Limited | 39,643,898 | 30,763,722 |
| | 39,643,898 | 30,763,722 |

The above amount represents a loan from shareholder with interest rate of 4.5% per annum, with no definite period of repayment. Since the loan has been contributed towards business use with no immediate intention of withdrawal, the amount is classified under Equity.

| (Figures in USD) | | 2016 | 2015 |
|---|---|---|---|

## 15 Transactions with Related Parties

The Company, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in IAS-24 of International Financial Reporting Standards. Significant transactions with related parties are as under:

| | 2016 | 2015 |
|---|---|---|
| Funding from Shareholder | 6,840,000 | 2,965,000 |
| Interest on Shareholder's loan | 1,640,176 | 1,287,301 |
| Interest on loan transferred to Shareholder | Nil | 5,201,421 |
| Balance due from Shareholder transferred | Nil | 101,873 |
| Bank guarantee commission charged by Shareholder | 400,000 | 400,000 |
| Share of impairment losses in Subsidiaries | 1,604 | 6,139 |
| Amounts due from Subsidiaries written off | 231,440 | Nil |
| Investments in Subsidiaries written off | 90,548 | Nil |

Related party balances as at the year end are classified as under:

| Related parties | Classification | 2016 | 2015 |
|---|---|---|---|
| Subsidiaries | Investment in Subsidiaries (Note 9) | 24,388,325 | 24,478,632 |
| | Due from Subsidiaries and branches (Note 7) | 3,809,446 | 3,925,573 |
| | Due to Subsidiaries (Note 11) | Nil | 1,801 |
| Associates | Due from Associates (Note 7) | 47,899 | 28,585 |
| | Due to Associates (Note 11) | 2,787,098 | 2,787,098 |
| Shareholder | Due to Shareholder (Note 11) | 5,346 | 3,213 |
| | Shareholder's loan (Equity) | 39,643,898 | 30,763,722 |

## 16 Other Income

| | 2016 | 2015 |
|---|---|---|
| Rental income from aircraft | 108,979 | 101,983 |
| Rent from leasehold property | 13,624 | 13,624 |
| Exchange gain | Nil | 928 |
| Interest income | Nil | 160 |
| | 122,603 | 116,695 |

| (Figures in USD) | 2016 | 2015 |
|---|---|---|
| **17 General and Administration Expenses** | | |
| Employees cost | 196,424 | 476,506 |
| Rent | 5,208 | 5,901 |
| Legal and professional | 6,570,074 | 594,172 |
| Office expenses | 71,657 | 25,640 |
| Investments in Subsidiaries written off | 90,548 | Nil |
| Amounts due from Subsidiaries written off | 231,440 | Nil |
| Repairs and maintenance | Nil | 391 |
| Depreciation | 336,110 | 336,111 |
| | 7,501,461 | 1,438,721 |

## 18 Finance costs

| | | |
|---|---|---|
| Bank charges | 4,005 | 8,066 |
| Exchange loss | 314 | Nil |
| Bank guarantee commission | 400,000 | 400,000 |
| Interest on term loan | 1,544,538 | 1,491,798 |
| Interest on shareholder's loan | 1,640,176 | 1,287,301 |
| | 3,589,033 | 3,187,165 |

## 19 Contingent Liabilities

Except for the ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

## 20 Comparative Figures

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

**These financial statements were approved by the Board of Directors on May 25, 2016 and signed on their behalf by:**

Director

Monnet Global Limited
and its Subsidiaries
Consolidated Financial Statements
March 31, 2016

**Monnet Global Limited and its Subsidiaries**

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**March 31, 2016**

# Independent Auditor's Report

**The Shareholder**
**Monnet Global Limited and its Subsidiaries**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Monnet Global Limited and its Subsidiaries, ("the Group"), which comprise of the Consolidated Statement of Financial Position as at March 31, 2016, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Consolidated Financial Statements

The Management is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

## Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit so as to obtain all information and explanations which we consider necessary to provide reasonable assurance whether the financial statements are free of material misstatements.

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

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

PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**Basis for Qualification**

i) Pre-operative expenses

The Group has not charged preoperative expenses to the profit and loss but capitalised it as an asset. This has resulted in the retained losses being understated by USD 2,111,398 and the total assets being overstated by an equivalent amount.

ii) Non-consolidation of subsidiary

As per IFRS 10, the Parent Company has to present consolidated financial statements including its subsidiary. However, one of the subsidiary PT Sarwa Sembada Karya Bumi has not been consolidated in the financial statements. The investment in the subsidiary is accounted as per equity method.

ii) Expenditure pending capitalisation

These are payments to suppliers as informed by the management towards acquisition of mines which is classified under expenditure pending capitalization amounting to USD 27,657,335 in the financial statements. Documentation has not been provided to confirm the nature of these payments nor did we receive statement of account from the suppliers or balance confirmations.

In view of the above, there could be a possibility of overstatement of assets and understatement of expense which cannot be quantified.

iii) Other receivable

There is an advance to supplier amounting to USD 400,000 classified under other receivable in the financial statements and has been outstanding for more than 24 months. We have not received a balance confirmation from the supplier and no provision has also been made in the accounts. We unable to ascertain the recoverability of these receivables. In the event of non recovery these advances may have to be written off as bad debts and charged to the profit and loss.

**Qualified Opinion**

Subject to the above, in our opinion, the consolidated financial statements, present fairly, in all material aspects, the financial position of Monnet Global Limited and its Subsidiaries as at March 31, 2016, and of its consolidated financial performance and consolidated cash flows for the year then ended in conformity with International Financial Reporting Standards.

**Emphasis of Matter**

As at March 31, 2016, the retained losses of the Group exceed its share capital by USD 23,459,335. The financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the continued financial support to the Group by its Shareholder. The financial statements do not include any adjustment that should result from a failure to obtain such continued financial support.

**Other Matters**

We did not audit the financial statements of subsidiaries, whose financial statements reflect total excess of assets (net) of USD 187,367 as at March 31,2016 for the year ended on that date.These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is solely based on the reports of the other auditors.

TRCPAMCO M.E

TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

**T R C Pamco Middle East Auditing & Accounting**
**Chartered Accountants**
**Dubai**
**May 25, 2016**

## Monnet Global Limited and its Subsidiaries

## Consolidated Statement of Financial Position
As at March 31, 2016

| (Figures in USD) | Note | 2016 | 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Bank balances and cash | 5 | 53,428 | 72,352 |
| Trade accounts receivable | 6 | 53,772 | 28,786 |
| Other receivable and prepayments | 7 | 106,280 | 93,456 |
| Total Current Assets | | 213,480 | 194,594 |
| **Non-Current Assets** | | | |
| Other receivable and prepayments | 7 | 3,844,060 | 3,733,560 |
| Expenditure pending capitalisation | | 27,657,335 | 27,657,335 |
| Property, plant and equipment | 8 | 3,498,323 | 3,834,433 |
| Investment in subsidiary | 9 | 24,288,605 | 24,289,994 |
| Pre-operative expenses | 10 | 2,111,398 | 2,422,115 |
| Total Non-Current Assets | | 61,399,721 | 61,937,437 |
| **Total Assets** | | **61,613,201** | **62,132,031** |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Other payable | 11 | 5,427,692 | 3,857,200 |
| Term loans | 12 | 13,333,333 | Nil |
| Total Current Liabilities | | 18,761,025 | 3,857,200 |
| **Non-Current Liabilities** | | | |
| Term loans | 12 | 26,666,667 | 40,000,000 |
| Total Non-Current Liabilities | | 26,666,667 | 40,000,000 |
| **Equity** | | | |
| Share capital | 13 | 5,007,797 | 5,007,797 |
| Retained earnings | | (28,467,132) | (17,497,636) |
| Shareholders' loan | 14 | 39,643,898 | 30,763,722 |
| Equity attributable to controlling interest | | 16,184,563 | 18,273,883 |
| Equity attributable to non-controlling interest | | 946 | 948 |
| Total Equity | | 16,185,509 | 18,274,831 |
| **Total Liabilities and Equity** | | **61,613,201** | **62,132,031** |

**These financial statements were approved by the Board of Directors on May 25, 2016 and signed on their behalf by:**

**Director**

The accompanying notes form an integral part of the financial statements.

## Consolidated Statement of Comprehensive Income
## Year Ended March 31, 2016

| (Figures in USD) | Note | 2016 | 2015 |
|---|---|---|---|
| Other income | 16 | 122,635 | 116,389 |
| General and administration expenses | 17 | (7,501,461) | (1,441,842) |
| Finance costs | 18 | (3,589,283) | (3,187,559) |
| Operating loss for the year | | (10,968,109) | (4,513,012) |
| Impairment loss on investment in subsidiaries | | (1,389) | (2,319) |
| **Net loss for the year** | | **(10,969,498)** | **(4,515,331)** |
| **Loss attributable to:** | | | |
| Controlling interest | | (10,969,496) | (4,515,327) |
| Non-controlling interest | | (2) | (4) |
| | | **(10,969,498)** | **(4,515,331)** |

The accompanying notes form an integral part of the financial statements.

**Monnet Global Limited and its Subsidiaries**

**Consolidated Statement of Changes in Equity**

**Year Ended March 31, 2016**

| (Figures in USD) | Controlling Interest | | | | Non-Controlling Interest | | | |
|---|---|---|---|---|---|---|---|---|
| | Share Capital | Retained Earnings | Shareholder's Loan | Total | Share Capital | Retained Earnings | Total | Total Equity |
| As at April 01, 2014 | 5,007,797 | (12,978,662) | 20,910,000 | 12,939,135 | 1,000 | (3,695) | (2,695) | 12,936,440 |
| Adjustment of retained losses of Non-Controlling Interest | Nil | (3,647) | Nil | (3,647) | Nil | 3,647 | 3,647 | Nil |
| Net movements during the year | Nil | Nil | 9,853,722 | 9,853,722 | Nil | Nil | Nil | 9,853,722 |
| Loss for the year | Nil | (4,515,327) | Nil | (4,515,327) | Nil | (4) | (4) | (4,515,331) |
| **As at March 31, 2015** | **5,007,797** | **(17,497,636)** | **30,763,722** | **18,273,883** | **1,000** | **(52)** | **948** | **18,274,831** |
| Net movements during the year | Nil | Nil | 8,880,176 | 8,880,176 | Nil | Nil | Nil | 8,880,176 |
| Loss for the year | Nil | (10,969,496) | Nil | (10,969,496) | Nil | (2) | (2) | (10,969,498) |
| **As at March 31, 2016** | **5,007,797** | **(28,467,132)** | **39,643,898** | **16,184,563** | **1,000** | **(54)** | **946** | **16,185,509** |

The accompanying notes form an integral part of the financial statements.

Monnet Global Limited and its Subsidiaries

## Consolidated Statement of Cash Flows
Year Ended March 31, 2016

| (Figures in USD) | 2016 | 2015 |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Loss for the year | (10,969,498) | (4,515,331) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 336,110 | 336,110 |
| Impairment loss on investment in subsidiaries | 91,937 | 2,319 |
| Balances written off | 231,440 | Nil |
| Changes in operating assets and liabilities | | |
| Increase in trade accounts and other receivable | (148,310) | (651,764) |
| Increase in other payable | 1,570,492 | 2,238,388 |
| Increase in pre-operative expenses | (11,271) | (430,557) |
| Net cash used in operating activities | (8,899,100) | (3,020,835) |
| **Cash Flow from Financing Activities** | | |
| Shareholder's loan | 8,880,176 | 2,965,000 |
| Net cash generated from financing activities | 8,880,176 | 2,965,000 |
| Net change in cash and cash equivalents | (18,924) | (55,835) |
| Cash and cash equivalents at beginning of the year | 72,352 | 128,187 |
| Cash and cash equivalents at end of the year | **53,428** | **72,352** |

The accompanying notes form an integral part of the financial statements.

## 1 Legal Status, Management and Business Activity

**Parent :**

**Monnet Global Limited**

Monnet Global Limited is registered as an Offshore Company with limited liability under Registration No. O F 1564 formed in accordance with the Jebel Ali Free Zone Authority Offshore Companies Regulations of 2003, in the Emirate of Dubai, United Arab Emirates.

**Subsidiaries :**

**PT Monnet Global**

PT Monnet Global was established based on the notarial deed number 102 dated November 14, 2008 of Ny, Hastuti Nainggolan, SH.M.Kn. The articles of association were approved by the Minister of Justice and Human Rights of the Republic of Indonesia in its decision number: AHU-04224.AH.01.01. Tahun 2009 dated January 19, 2009.

Monnet Global Limited owns 99% shares in the subsidiary.

**PT Sarwa Sembada Karya Bumi**

PT Sarwa Sembada Karya Bumi was established based on the notarial deed number 31 dated June 05, 1997 of Dradjat Darmadji, SH, a notary. The articles of association were approved by the Minister of Justice and Human Rights of the Republic of Indonesia in its decision number: C2-7397 HT.01.01Th.1998 dated June 24, 1998.

Monnet Global Limited owns 95% shares in the subsidiary.

**Monnet Global (Liberia) Limited**

Monnet Global (Liberia) Limited is registered as limited liability Company under enterprise code : 050775119 formed in accordance with the section 1.4 of the Business Corporation Act of Republic of Liberia.

Monnet Global Limited owns 100% shares in the subsidiary.

**Monnet Global Guinea - SAU**

Monnet Global (Liberia) Limited is registered as limited liability Company under enterprise code : KAL / 037. 328A/2011 formed in accordance with the Laws and Implementing regulations issued by the Republic of Guinea.

Monnet Global Limited owns 100% shares in the subsidiary.

**Black Sea Natural Resources, Moscow**

Black Sea Natural Resources, Moscow is registered in accordance with the laws and implementing regulations issued by Russia.

Monnet Global Limited owns 100% shares in the subsidiary.

1 <u>Legal Status, Management and Business Activity (Continued)</u>

**Black Sea Natural Resources, Abkhazia**

Black Sea Natural Resources, Abkhazia is registered in accordance with the laws and implementing regulations issued by the Republic of Abkhazia.

Black Sea Natural Resources, Moscow owns 95% of its shares and 5% is owned by Monnet Global Limited.

**Management**

**Parent :**

The Management of the Group comprises of the following:

| | |
|---|---|
| Board of Directors | : Mrs. Shivani Rajiv Saxena |
| | : Captain Ajeit Saksena |

**Subsidiaries :**

**PT Monnet Global**

| | |
|---|---|
| Commissioner | : Mr. Sandeep Jajodia |
| President Director | : Mr. Amitabh Sharma Mudgal |

**PT Sarwa Sembada Karya Bumi**

| | |
|---|---|
| Commissioner | : Mr. Sandeep Jajodia |
| President Director | : Mr. Amitabh Sharma Mudgal |
| Director | : Mr. Wahyu Nugorho |

**Monnet Global (Liberia ) Limited / Monnet Global Guinea - SAU**

| | |
|---|---|
| General Administrator | : Mr. Vijay Kumar Somani |

**Black Sea Natural Resources, Moscow**

| | |
|---|---|
| General Director | Mr. Jaswinder Singh |

**Black Sea Natural Resources, Abkhazia**

| | |
|---|---|
| General Director | Mr. Jaswinder Singh |

**Business Activity**

The Company is permitted to explore oil and gas, manufacture and trade in steel, cement and carry out other industrial activities.

During the year, the Group has not commenced its commercial operations.

## 2 Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements are prepared in compliance with International Financial Reporting Standards issued by International Accounting Standards Board. They are presented in United States Dollars. The presentation of consolidated financial statements in accordance with the IFRS requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

The consolidated financial statements have been prepared under the historical cost convention basis.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the 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 revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as explained in Note 3.

These consolidated financial statements comprise a consolidation of the financial statements of a Group in which the assets, liabilities, equity, income, expenses and cash flow of the Parent and its subsidiaries are presented as those of a single common entity.

The Parent and its subsidiaries are consolidated on the basis that the subsidiaries are being controlled by the Parent. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent.

## 2 Basis of Preparation of Consolidated Financial Statements (Continued)

Transactions eliminated on consolidation:

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. The choice of measurement basis is made on an acquisition by- acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## 3 Summary of Significant Accounting Policies

### Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Group activities.

Revenue from rentals of aircraft is recognised based on the period for which the aircraft is rented out as agreed with the client.

Rental income from building leased to associate under an operating lease is recognised on a straight line basis over the lease term.

### Property, Plant and Equipment

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

## 3 Summary of Significant Accounting Policies (Continued)

### Property, Plant and Equipment (Continued)

Depreciation is charged to write off the cost or valuation of assets using the straight line method as follows:

| | |
|---|---|
| Air Craft | 5.61% p.a. |
| Building | 3.34% p.a. |
| Computers | 16.21% p.a. |
| Office Equipments | 4.75% p.a. |
| Furniture and Fixtures | 6.33% p.a. |

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Group through the use of items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss in the statement of income.

### Investment in Subsidiary

Investment in subsidiary represents investments in entities over which the Parent has the power to exercise significant influence, through governing in the investee's financial and operating policy decisions. Such investments are accounted for under the equity method, whereby the investments are initially recorded at cost and subsequently adjusted based on the Company's share of the subsequent profits or losses of the investees.

### Financial Instruments

Financial assets are recognised when the Group becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group derecognises financial liabilities when they are discharged, cancelled or expired. Financial liabilities are recognised at cost, or where the impact is material at amortised cost using the effective interest method. These are included in current liabilities, except for maturities greater than 12 months after the balance sheet which are classified as non-current liabilities.

## 3 Summary of Significant Accounting Policies (Continued)

### Financial Instruments (Continued)

Financial instruments comprise of long-term receivable, other receivable, amounts due from related parties, cash in hand and at bank, other payable, deposits, amounts due to related parties and long term bank loan.

### Trade Accounts and Other Receivable

Receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The Management undertakes a periodic review of amounts recoverable from other receivable, and determines recoverability based on various factors such as ageing of receivables, payment history, collateral available and other knowledge about the receivables.

### Cash and Cash Equivalents

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

### Other Payable

Other payable are stated at nominal amounts payable for goods or services rendered.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

### Leases

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

### Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

## 3 Summary of Significant Accounting Policies (Continued)

### Foreign Currencies Translations

The financial statements are presented in United States Dollars, which is the Group's functional and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## 4 Financial Risk Management and Capital Management

### Financial Risk Management

The Group is exposed to financial risks of markets mainly related to currency risk, interest rate risks, other price risks, credit risks and liquidity risk. The Group's policies and procedures keeps the Management updated on these risks and it takes appropriate measures to control or minimise its adverse effects if any on the financial position and performance of the Group.

### Market Risks

Market risks is the risk that is associated with the changes in market prices and market rates, such as interest rates, equity prices and currency rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risks exposures within acceptable parameters, while optimising the returns on the risks.

### Currency Risk

The Group's substantial assets and liabilities are denominated in United States Dollars.

The Group's exposures to foreign currency denominated assets is given below:

| | Indonesian Rupiah IDR | United States Dollars USD |
|---|---|---|
| Cash balance in foreign currency | 7,836,400 | 594 |
| Bank balance in foreign currency | 60,161,108 | 4,560 |

### Interest Rate Risk

Interest on shareholder's loan and term loan are at a rate of 4.5% per annum and 3.5% per annum over LIBOR, respectively. If the interest rate on such loans is decreased/increased by 1% with all other variables remaining constant, net loss for the year would have been higher/lower by USD 796,439.

## 4 Financial Risk Management and Capital Management (Continued)

### Financial Risk Management (Continued)

#### Credit Risk

Credit risk is the risk of financial loss to the Group if the customer or counterparty to the financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to other receivables, amounts due from related parties and cash at bank. The exposure to credit risk on other receivables and amounts due from related parties is monitored on an ongoing basis by the management and these are considered as recoverable by the Management. The Group's bank account are placed with regulated financial institutions.

Amounts due from employees, advances and other receivable are settled in the ordinary course of business.

| Exposure to credit risk: | 2016 | 2015 |
|---|---|---|
| Due from subsidiaries | 3,231,003 | 3,120,503 |
| Due from associates | 47,899 | 28,585 |
| Other receivable | 404,000 | 400,000 |
| Trade accounts receivable | 53,772 | 28,786 |

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk relates to other payable, amounts due to related parties and long-term bank loans. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities and obligations as and when they fall due without having to face any losses which may adversely effect the Group's financial position and reputation.

| Exposure to Liquidity risk: | 2016 | 2015 |
|---|---|---|
| Bank loan | 40,000,000 | 40,000,000 |
| Due to shareholder | 5,346 | 3,213 |
| Due to Associate | 2,787,098 | 2,787,098 |
| Accrued expenses | 102,026 | 75,944 |
| Interest payable | 2,532,996 | 988,458 |
| Other payable | 226 | 2,487 |
| The following is the aging of payable: | | |
| Within one year | 18,761,025 | 3,857,200 |
| Within two to five years | 26,666,667 | 40,000,000 |

## 4 Financial Risk Management and Capital Management (Continued)

### Financial Risk Management (Continued)

**Fair Values**

At the balance sheet date, the carrying amounts of the financial assets and financials liabilities represent their fair values.

**Capital Management**

The Group's objectives in maintaining capital are:

- To enable it to continue as a going concern and to maximise the wealth and returns to its shareholders.

- To have sufficient resources for Group's future expansion and development.

The Capital risk of the Group is associated with the capital invested towards the exploration of the mines and minerals for the areas which is being surveyed and the possibility that the areas are not suitable for its exploration.

The Group's policies are being monitored periodically by the Management to counter these risks and the shareholders are providing the necessary capital as and when required towards meeting the capital requirements of the company.

| (Figures in USD) | 2016 | 2015 |
|---|---|---|
| **5 Bank Balances and Cash** | | |
| Cash in hand | 594 | 2,497 |
| Bank balances | 52,834 | 69,855 |
| | 53,428 | 72,352 |
| **6 Trade Accounts Receivable** | | |
| Outstanding for less than 6 months | 53,772 | 28,786 |
| | 53,772 | 28,786 |

(Figures in USD)

| | 2016 | 2015 |
|---|---|---|

## 7 Other Receivable and Prepayments

| | 2016 | 2015 |
|---|---|---|
| Staff advances | 50,475 | 51,948 |
| Prepaid expenses | 3,906 | 12,923 |
| Due from Associates | 47,899 | 28,585 |
| Due from Subsidiary | 3,231,003 | 3,120,503 |
| Deposits | 213,057 | 213,057 |
| Other receivable | 404,000 | 400,000 |
| | 3,950,340 | 3,827,016 |

| Other receivable and prepayments are classified as under: | | |
|---|---|---|
| Current portion | 106,280 | 93,456 |
| Non-current portion | 3,844,060 | 3,733,560 |
| | 3,950,340 | 3,827,016 |

## 8 Property, Plant and Equipment

| | Air Craft | Building | Computers | Office Equipments | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|
| **Original Cost :** | | | | | | |
| As at April 01, 2015 | 5,705,999 | 451,203 | 5,420 | 1,673 | 1,192 | 6,165,487 |
| As at March 31, 2016 | 5,705,999 | 451,203 | 5,420 | 1,673 | 1,192 | 6,165,487 |
| **Depreciation :** | | | | | | |
| As at April 01, 2015 | 2,240,749 | 85,579 | 3,895 | 407 | 424 | 2,331,054 |
| Charge for the year | 320,107 | 15,070 | 779 | 79 | 75 | 336,110 |
| As at March 31, 2016 | 2,560,856 | 100,649 | 4,674 | 486 | 499 | 2,667,164 |
| **Net Block :** | | | | | | |
| As at March 31, 2016 | 3,145,143 | 350,554 | 746 | 1,187 | 693 | 3,498,323 |
| As at March 31, 2015 | 3,465,250 | 365,624 | 1,525 | 1,266 | 768 | 3,834,433 |

## 9 Investment in Subsidiary

| | 2016 | 2015 |
|---|---|---|
| PT Sarwa Sembada Karya Bumi | 24,288,605 | 24,289,994 |
| | 24,288,605 | 24,289,994 |

(Figures in USD)

| | 2016 | 2015 |
|---|---|---|

## 10 Pre-operative Expenses

| | 2016 | 2015 |
|---|---|---|
| Brought forward from previous year | 2,422,115 | 1,991,558 |
| General and administration expenses | 11,271 | 430,557 |
| Written off during the year | (321,988) | Nil |
| | 2,111,398 | 2,422,115 |

The pre-operative expense relates to the expenses incurred by the Group prior to the commencement of its trading operations. The Management intends to amortise these expenses on the commencement of its operations.

## 11 Other Payable

| | 2016 | 2015 |
|---|---|---|
| Due to shareholder | 5,346 | 3,213 |
| Due to Associate | 2,787,098 | 2,787,098 |
| Interest payable | 2,532,996 | 988,458 |
| Accrued expenses | 102,026 | 75,944 |
| Other payable | 226 | 2,487 |
| | 5,427,692 | 3,857,200 |

## 12 Term Loans

| | 2016 | 2015 |
|---|---|---|
| Bank loan | 40,000,000 | 40,000,000 |
| | 40,000,000 | 40,000,000 |
| The above term loans is repayable as under : | | |
| Within one year | 13,333,333 | Nil |
| In the second year | 13,333,333 | 13,333,333 |
| In the third year | 13,333,334 | 26,666,667 |

The above term loan is re-financed with revised repayment terms and are secured against:

1 First and exclusive pledge of shares of PT Sarwa Sembada Karya Bumi held by the Company.
2 First and exclusive pledge of all existing and future shares of Company held by its ultimate Parent Company.
3 Corporate guarantee of ultimate Parent Company and PT Sarwa Sembada Karya Bumi.
4 Assignment and charge over the Shareholder's loan extended by Company to PT Sarwa Sembada Karya Bumi.
5 Assignment and charge over the coal sale contract entered into between the Company and PT Sarwa Sembada Karya Bumi.

(Figures in USD)

## 13 Share Capital

| | 2016 | 2015 |
|---|---|---|
| 183,786 shares of AED 100 each subscribed and paid up | 5,007,797 | 5,007,797 |
| | 5,007,797 | 5,007,797 |

## 14 Shareholder's Loan

| | 2016 | 2015 |
|---|---|---|
| Monnet Ispat & Energy Limited | 39,643,898 | 30,763,722 |
| | 39,643,898 | 30,763,722 |

The amount represents a loan from shareholder with interest rate of 4.5% per annum, with no definite period of repayment. Since the loan has been contributed towards business use with no immediate intention of withdrawal, the amount is classified under Equity.

## 15 Transactions with Related Parties

The Group, in the normal course of business carries out transactions with parties that fall in the definition of related party contained in IAS-24 of International Financial Reporting Standards. Significant transactions with related parties are as under.

| | 2016 | 2015 |
|---|---|---|
| Funding from shareholder | 6,840,000 | 2,965,000 |
| Interest on loan transferred to shareholder | Nil | 5,201,421 |
| Interest on shareholder's loan | 1,640,176 | 1,287,301 |
| Balance due from Shareholder transferred | Nil | 101,873 |
| Bank guarantee commission charged by shareholder | 400,000 | 400,000 |
| Share of losses in subsidiary (not consolidated) | 1,389 | 2,319 |
| Preoperative expenses written off | 321,988 | Nil |

Related party balances as at the year end are classified as under :

| | | 2016 | 2015 |
|---|---|---|---|
| Subsidiary | Due from subsidiary (Note 7) | 3,231,003 | 3,120,503 |
| Associates | Due from associates (Note 7) | 47,899 | 28,585 |
| | Due to associates (Note 11) | 2,787,098 | 2,787,098 |
| Shareholder | Due to shareholder (Note 11) | 5,346 | 3,213 |
| | Shareholder's loan (Equity) | 39,643,898 | 30,763,722 |

(Figures in USD)

| | 2016 | 2015 |
|---|---|---|
| **16 Other Income** | | |
| Rental income from aircraft | 108,979 | 101,983 |
| Rent from leasehold property | 13,624 | 13,624 |
| Exchange gain | Nil | 595 |
| Interest income | Nil | 187 |
| Miscellaneous | 32 | Nil |
| | 122,635 | 116,389 |
| **17 General and Administration Expenses** | | |
| Employees cost | 196,424 | 476,507 |
| Rent | 5,208 | 5,901 |
| Repairs and maintenance | Nil | 391 |
| Preoperative expenses written off | 321,988 | Nil |
| Legal and professional | 6,570,074 | 597,296 |
| Office expenses | 71,657 | 25,637 |
| Depreciation | 336,110 | 336,110 |
| | 7,501,461 | 1,441,842 |
| **18 Finance Costs** | | |
| Interest on term loan | 1,544,538 | 1,491,798 |
| Interest on Shareholder's loan | 1,640,176 | 1,287,301 |
| Bank guarantee commission | 400,000 | 400,000 |
| Bank charges | 4,105 | 8,460 |
| Exchange loss | 464 | Nil |
| | 3,589,283 | 3,187,559 |

## 19 Contingent Liabilities

Except for the ongoing commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

## 20 Comparative Figures

Certain of the prior year figures have been regrouped to conform with the presentation of the current year.

**These financial statements were approved by the Board of Directors on May 25, 2016 and signed on their behalf by:**

**Director**