OORJA (BATUA) PTE. LTD.
(UEN: 201025814N)

STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Note	2016 US$	2015 US$
ASSETS			
Non-current assets			
Investment in a subsidiary	4	1,650,981	1,650,981
Amount due from subsidiaries	5	40,565,241	38,570,306
Deposits	6	6,140,034	4,023,033
Total non-current assets		48,356,256	44,244,320
Current asset			
Cash and cash equivalents	7	4,204	3,198
Total current asset		4,204	3,198
Total assets		48,360,460	44,247,518
EQUITY AND LIABILITIES			
Equity attributable to owner			
Share capital	8	2	2
Accumulated losses		(1,700,546)	(1,702,430)
Total equity		(1,700,544)	(1,702,428)
LIABILITIES			
Non-current liabilities			
Amount due to immediate holding company	9	49,475,684	45,567,014
Deferred tax liabilities	13	581,726	376,731
Total non-curent liabilities		50,057,410	45,943,745
Current liability			
Other payables	10	3,594	6,201
Total liabilities		50,061,004	45,949,946
Total equity and liabilities		48,360,460	44,247,518

The notes set out on pages 7 to 23 form an integral part of and should read in conjunction with this set of financial statements.

OORJA (BATUA) PTE. LTD.
(UEN: 201025814N)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Note	2016 US$	2015 US$
Other operating income	11	2,050,966	1,977,298
Less: Cost and expenses			
Administrative expenses		6,010	1,324
Finance cost	12	1,838,077	1,790,818
		(1,844,087)	(1,792,142)
Profit before taxation		206,879	185,156
Less: **Taxation**	13	(204,995)	(197,730)
Net profit/(loss) and total comprehensive income for the year		1,884	(12,574)

The notes set out on pages 7 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

KRESTON DAVID YEUNG PAC

OORJA (BATUA) PTE. LTD.
(UEN: 201025814N)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2016

	Share Capital US$	Accumulated Profits/(Losses) US$	Total US$
Balance as at 01.04.2014	2	(1,689,856)	(1,689,854)
Total comprehensive income for the year	-	(12,574)	(12,574)
Balance as at 31.03.2015/01.04.2015	2	(1,702,430)	(1,702,428)
Total comprehensive income for the year	-	1,884	1,884
Balance as at 31.03.2016	2	(1,700,546)	(1,700,544)

The notes set out on pages 7 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

KRESTON DAVID YEUNG PAC *

OORJA (BATUA) PTE. LTD.
(UEN: 201025814N)

STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

	2016 US$	2015 US$
Cash flows from operating activities		
Profit before taxation	206,879	185,156
Adjustments for:-		
Interest expense	1,838,077	1,790,818
Interest income	(2,049,935)	(1,977,298)
Operating cash flows before changes in working capital	(4,979)	(1,324)
Changes in working capital:-		
Decrease in other payables	(2,607)	(7,942)
Net cash used in operating activities	(7,586)	(9,266)
Cash flows from investing activities		
Increase in deposit	(2,117,001)	(3,823,033)
Repayment from/(Advances to) subsidiaries	55,000	(3,631,000)
Net cash used in investing activities	(2,062,001)	(7,454,033)
Cash flows from financing activities		
Advances from immediate holding company	2,070,593	7,461,141
Net cash generated from financing activities	2,070,593	7,461,141
Net increase/(decrease) in cash and cash equivalents	1,006	(2,158)
Cash and cash equivalents at beginning of year	3,198	5,356
Cash and cash equivalents at end of year (Note 7)	4,204	3,198

The notes set out on pages 7 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

KRESTON DAVID YEUNG PAC

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

1. GOING CONCERN

At 31 March 2016, the company has a net capital deficiency of US$1,700,544 (2015: US$1,702,428). The ability of the company to pay its debts as and when they fall due and to continue as a going concern is dependent on continuing financial support from the ultimate holding company, Mercator Limited.

In the preparation of this financial statements, management has made the assumption that such financial support will be available to the company and preparation of the financial statements on the assumption of going concern is appropriate.

2. GENERAL

The company is incorporated in the Republic of Singapore with its registered office and principal place of business at 8 Temasek Boulevard, #07-01 Suntec Tower 3, Singapore 038988.

The company is a wholly-owned subsidiary of Oorja Holdings Pte. Ltd., incorporated in the Republic of Singapore. The company's ultimate holding company is Mercator Limited, incorporated in India.
The principal activities of the company are that of investment holding.

The principal activities of the subsidiary are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

In the current financial year, the company adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2015. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

KRESTON DAVID YEUNG PAC ★

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements

In the application of the company's accounting policies, which are described in Note 3 to the financial statements, management is required to make judgement, 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follow:

The recoverability of the following debt receivable is based on the assumption continued realisation of projected net cash inflows from mining activities of the subsidiary (Note 5) with financial support from the ultimate holding company, Mercator Limited, if needed. Further information relating to estimation of net cash flow is provided in below paragraph.

	2016 US$	2015 US$
Amounts due from subsidiary	40,565,241	38,570,306

In assessing the recoverability of investment and amount due from subsidiaries, management evaluated the discounted present value of the projected net cash flows of the subsidiary and concluded that the investment will be recoverable. Projection of net cash flows of the subsidiary involves estimates of future selling price of coal and operating expenses. Net cash flows are discounted to present value at 12% (2015: 11%) per annum.

KRESTON DAVID YEUNG PAC

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

c) **Basis of Consolidation**

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. One set of consolidated financial statements of the company and its subsidiary has not been prepared as the company's ultimate holding company - Mercator Limited, prepares publicly available consolidated financial statements which include the financial statements of the company and its subsidiary.

The registered address of the ultimate holding company is 3rd floor, Mittal Tower, B-Wing Nariman Point, Mumbai, India.

d) **Investment in Subsidiary**

A subsidiary is an entity controlled by the company. Control is achieved when the company:-

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee;
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

e) **Financial Instrument**

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, to the net carrying amount on initial recognition.

KRESTON DAVID YEUNG PAC *

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Instrument** (Continued)

i) **Financial Assets**

Loans and receivables

Trade and other receivables and amounts due from subsidiary that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". These are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment

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 estimates future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of 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.

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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Instrument** (Continued)

i) **Financial Assets** (Continued)

De-recognition

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 risk 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 amount 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.

ii) **Financial Liabilities and Equity Instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

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 financial liabilities

Other payables and amount due to immediate holding company 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.

Derecognition

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or expired.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

e) **Financial Instrument** (Continued)

iii) **Offsetting Financial Instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

f) **Impairment of Non-Financial Assets**

At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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 (or 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

g) **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 that obligation, and a reliable estimate can be made of the amount of the obligation.

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3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

g) **Provisions** (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each 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.

h) **Contingencies**

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

A present obligation that arises from past events but is not recognised because:

i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognized on the statement of financial position of the group and the company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be realiably determined.

i) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life the financial asset to that asset's net carrying amount.

j) **Borrowing Costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Income Taxes

Current 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 profits differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of incomes and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in the country where the company operates by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary 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 are 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 in which the liability is settled or the asset realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of each 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, except when they relate to items credited or debited outside profit or loss, in which case the tax is also recognised outside profit or loss.

l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances that are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Foreign Currency Transactions and Translations

The financial statements of the company are measured and presented in United States dollars (US$), the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, 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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

4. INVESTMENT IN SUBSIDIARY

	2016 US$	2015 US$
Unquoted shares - at cost	275,802	275,802
Deemed additional investment arising from grant of interest-free loan (Note 6)	1,375,179	1,375,179
	1,650,981	1,650,981

Name of company	Place of operation/ incorporation	Principal activities	Precentage of ownership interest held by the Company 2016 %	2015 %
PT. Karya Putra Borneo	Indonesia	Coal mining	50	50

The company owns 50% of the equity shares of PT. Karya Putra Borneo and management considers that the company has sufficient control over the investee to classify it as a subsidiary due to the dependency of the subsidiary on financing provided by the company and sale of all the subsidiary's coal to an entity which is a member of the Oorja Holdings Pte. Ltd. group (Note 2).

In assessing the recoverability of investment in a subsidiary amounting to US$1,650,981 (2015: US$1,650,981), management evaluated the discounted present value of the projected net cash flows of the subsidiary and concluded that the investment will be recoverable. Projection of net cash flows of the subsidiary involves estimates of future selling price of coal and operating expenses. Net cash flows are discounted to present value at 12% (2015: 11%) per annum.

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5. AMOUNTS DUE FROM SUBSIDIARIES

	2016	2015
	US$	US$
Non-current:-		
Loans to subsidiaries		
- Interest bearing amount	33,748,000	34,803,000
- Non-interest bearing amount	6,817,241	3,767,306
	40,565,241	38,570,306

The interest bearing amount granted to the subsidiaries are at margins of 4.3% and 6% over 3 month LIBOR.

Management has assessed that the carrying amount of the interest –bearing loans approximate its fair values.

In determining the recoverability of amount due from subsidiary. The company considers factors such as the assumption of continuing realisation of projected net cash inflows from mining and related activities of the subsidiaries with financial support from ultimate holding company Mercator Limited, if needed. Management expects the loan to be fully recoverable.

6. DEPOSITS

This represents deposit paid to acquire 50% (2015: 50%) equity interest in the subsidiary (Note 4) from the non-controlling interests.

7. CASH AND CASH EQUIVALENTS

	2016	2015
	US$	US$
Cash on hand	2	2
Cash at bank	4,202	3,196
	4,204	3,198
The cash and cash equivalents are denominated in the following currencies:-		
- Singapore dollar	1,055	1,070
- United States dollar	3,149	2,128
	4,204	3,198

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8. SHARE CAPITAL

	2016	2015
	US$	US$
Issued and fully paid:-		
2 ordinary shares	2	2

The ordinary shares, which have no par value, carry one vote per share and do not carry any right to fixed dividends.

9. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2016	2015
	US$	US$
Non-current:-		
Loans to subsidiaries		
- Interest bearing amount	33,941,000	34,831,000
- Non-interest bearing amount	15,534,684	10,736,014
	49,475,684	45,567,014

The interest bearing loan to the immediate holding company is unsecured, bears variable interest ranging at margins above 3 months LIBOR and are repayable when the company has the financial resources to do so using any future dividend from the subsidiary (Note 4).

Management has assessed that the carrying amount of the interest bearing loans approximates their fair value.

10. OTHER PAYABLES

	2016	2015
	US$	US$
Accruals	3,552	5,500
Others	42	701
	3,594	6,201

Other payables are denominated in Singapore dollar.

11. OTHER OPERATING INCOME

	2016	2015
Interest income (Note 15)	2,049,935	1,977,298
Exchange difference	1,031	-
	2,050,966	1,977,298

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12. FINANCE COST

This pertains to interest expense charged by the immediate holding company (Note 9).

13. TAXATION

	2016	2015
Taxation:-	US$	US$
Deferred tax on foreign source income which has yet to be remitted	204,995	197,730

The income tax varied from the amount of taxation determined by applying the Singapore taxation rate of 17% (2015: 17%) to profit before taxation as a result of the following differences:-

	2016	2015
	US$	US$
Profit before taxation	206,879	185,156
Tax expense calculated at a tax rate of 17%	35,169	31,477
Effect of expenses that are not deductible	(35,169)	(31,477)
Deferred tax on foreign sourced income	204,995	197,730
	204,995	197,730
Deferred Taxation:		
Deferred tax on foreign source income which has yet to be remitted	204,995	197,730
Movement in deferred tax liability are as follow:-		
Balance as at beginning of year	376,731	179,001
Additional during the year	204,995	197,730
Balance at end of year	581,726	376,731

14. CONTINGENT LIABILITY

The company has, together with related companies, given corporate guarantees of US$20 million (2015: US$20 million) to a bank for the credit facilities granted to its immediate holding company. At 31 March 2016, the immediate holding company had utilised US$13.25 million (2015: US$17 million) of the credit facilities.

Management has evaluated the guarantees issued and determined that the fair value of the financial guarantee is not material.

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to members of the ultimate 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, repayable on demand and interest-free unless otherwise stated.

	2016 US$	2015 US$
Interest income charged to subsidiary (Note 11)	(2,049,935)	(1,977,298)
Interest expense charged by immediate holding company (Note 12)	1,838,077	1,790,818

There are no employees and associated employee benefit expenses incurred during the year ended 31 March 2016 and 31 March 2015 as administrative support is provided by ultimate holding company(2015: a related company) without any charge.

There is no remuneration of directors incurred during the years ended 31 March 2016 and 31 March 2015.

16. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The management monitors and manages the financial risks relating to the operations of the company to minimise adverse potential effects on financial performance. These risks include market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and fair value risk. The policies on how to mitigate these risks are set out below.

Foreign Currency Risk

The financial assets and liabilities are denominated in United States dollars unless otherwise stated.

The company's transactions are mainly denominated in United States dollars and therefore the exposure to foreign exchange risk is not significant.

Interest Rate Risk

The company's exposure to interest rate risk arises primarily from the amount due from subsidiary (Note 5) and the amount due to the immediate holding company (Note 9). Interest on these loans are of variable rates referenced to 3 months LIBOR as disclosed in the respective Notes.

Sensitivity analysis is not performed as the impact is not significant.

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16. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

Credit Risk

Credit risk refers to the risk that debtors may default on their obligations to repay the amounts owing to the company, resulting in a loss to the company. Cash balances are held with a reputable financial institution.

The company has no concentration of credit risk other than the amount due from subsidiary as disclosed in Note 5.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity Risk

The financial statements have been prepared on a going concern basis as the ultimate holding company has undertaken to provide continuing financial support to enable the company to pay its debts when they fall due.

All financial assets and financial liabilities in 2016 and 2015 are payable on demand or due within 1 year from the end of the reporting period except for the amounts due from subsidiary and the amount due to the immediate holding company as disclosed in the respective Notes to the financial statements.

	2016					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Not determinable
	US$	US$	US$	US$	US$	US$
Other payable	3,594	3,594	3,594	-	-	-
Amount due to immediate holding company	49,475,684	51,379,184	35,844,500		-	15,534,684
	49,479,278	51,382,778	35,848,094	-	-	15,534,684

	2015					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Not determinable
	US$	US$	US$	US$	US$	US$
Other payable	6,201	6,201	6,201	-	-	-
Amount due to immediate holding company	45,567,014	47,410,918	36,674,904		-	10,736,014
	45,573,215	47,417,119	36,681,105	-	-	10,736,014

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17. FAIR VALUES

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The non-interest bearing amount due to immediate holding company measured at cost are not carried at fair value because the fair value cannot be measured reliably. The management is unable to ascertain the repayment period of these balances.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

18. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2016 US$	2015 US$
Financial assets		
At cost	6,817,241	3,767,306
At amortised costs		
Loans and receivables (including cash and cash equivalents)	33,752,204	34,806,200
	40,569,445	38,573,506
Financial liabilities		
At cost	15,534,684	10,736,014
At amortised costs	33,944,594	34,837,201
	49,479,278	45,573,215

19. CAPITAL MANAGEMENT

The capital structure of the company consist of debt owing to the immediate holding company. The company reviews its capital at least annually to ensure that it will able to continue as a going concern.

The company's overall strategy remained unchanged from prior year.

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20. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of these financial statements, management anticipates that the adoption of the FRSs, INT FRSs and amendments to FRS that were issued but not effective will not have a material impact on the financial statements of the company in the period of their initial adoption except for the following:-

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109 include:-

i) All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, comprising solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instruments that are held within a business model whose objective is achieved both by selling financial assets, and collecting contractual cash flows comprising payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting period.

ii) With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under the existing FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

iii) In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under the existing FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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20. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

iv) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial item that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after 1 January 2018. Management will undertake a detailed review of the effect of FRS 109 prior to implementation.

21. EVENT OCCURRED AFTER THE REPORTING PERIOD

Subsequent to financial year ended, the company has sold 45% out its existing stake in the subsidiary to a related party, PT Indo Karya Perdana and acquired 40% stake held by PT United coal Indonesia in the subsidiary PT Karya Putra Borneo. Effectively the company disposed of 5% stake and holds now 45% stake in the subsidiary. The relevant approvals from the Indonesian authorities for the registration of the shares is still in process.

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