

APPENDIX D

OORJA 3 PTE. LTD.

(UEN: 200714714E)

(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**



INDEPENDENT AUDITORS' REPORT ON REPORTING PACKAGE PREPARED FOR CONSOLIDATION PURPOSE

FROM: KRESTON DAVID YEUNG PAC

DATE: 18 MAY, 2017

SUBJECT: Component Audit of Mercator Limited for the Year Ended 31 March 2017

TO: Himanshu Kishnadwala, CNK & Associates LLP, Mumbai, India

Report on the Reporting Package (the “Financial Statements”)

Opinion

We have audited the financial statements of Oorja 3 Pte. Ltd. (the “company”), which comprise the statement of financial position of the company as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements. As at 31 March 2017, the company recorded a capital deficiency of US\$2,295,222. The financial statements have been prepared on a going concern basis, as the ultimate holding company has agreed to provide financial support to the company as and when required for not less than 12 months from the date of the report. Our opinion is not qualified in respect of this matter.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
OORJA 3 PTE. LTD. (UEN: 200714714E) (Continued)**

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
OORJA 3 PTE. LTD. (UEN: 200714714E) (Continued)**

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

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

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

Report on Other Legal and Regulatory Requirements

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

A handwritten signature in blue ink that reads "Kreston David Yeung Pac".

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 18 May 2017

KRESTON DAVID YEUNG PAC (UEN: 200717891W)
A public accounting corporation incorporated with limited liability and a member of **Kreston International**
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OORJA 3 PTE. LTD.
(UEN: 200714714E)

STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Note	2017 US\$	2016 US\$
ASSETS			
Non-current asset			
Investment in subsidiary	4	-	237,500
Current asset			
Cash and cash equivalents	5	<u>786</u>	<u>3,102</u>
Total assets		<u>786</u>	<u>240,602</u>
EQUITY AND LIABILITIES			
Equity attributable to owner			
Share capital	6	1	1
Accumulated losses		<u>(2,295,223)</u>	<u>(2,010,518)</u>
Total equity		<u>(2,295,222)</u>	<u>(2,010,517)</u>
LIABILITIES			
Non-current liability			
Amount due to immediate holding company	7	2,293,821	2,246,878
Current liability			
Other payables	8	<u>2,187</u>	<u>4,241</u>
Total liabilities		<u>2,296,008</u>	<u>2,251,119</u>
Total equity and liabilities		<u>786</u>	<u>240,602</u>



The notes set out on pages 8 to 19 form an integral part of and should be read in conjunction with this set of financial statements.

OORJA 3 PTE. LTD.
(UEN: 200714714E)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Note	2017 US\$	2016 US\$
Other revenue		-	-
Less: Cost and expenses			
Administrative expenses		3,394	4,400
Finance cost	9	43,812	44,040
Loss on disposal of subsidiary		237,499	-
		<u>(284,705)</u>	<u>(48,440)</u>
Loss before taxation		(284,705)	(48,440)
Less: Taxation	10	<u>-</u>	<u>-</u>
Net loss and total comprehensive income for the year		<u>(284,705)</u>	<u>(48,440)</u>



The notes set out on pages 8 to 19 form an integral part of and should be read in conjunction with this set of financial statements.

OORJA 3 PTE. LTD.
(UEN: 200714714E)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share Capital US\$	Accumulated Losses US\$	Total US\$
Balance as at 01.04.2015	1	(1,962,078)	(1,962,077)
Total comprehensive income for the year	-	(48,440)	(48,440)
Balance as at 31.03.2016/01.04.2016	1	(2,010,518)	(2,010,517)
Total comprehensive income for the year	-	(284,705)	(284,705)
Balance as at 31.03.2017	1	(2,295,223)	(2,295,222)

The notes set out on pages 8 to 19 form an integral part of and should be read in conjunction with this set of financial statements.



OORJA 3 PTE. LTD.
(UEN: 200714714E)

STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	Note	2017 US\$	2016 US\$
Cash flows from operating activities			
Loss before taxation		(284,705)	(48,440)
Adjustments for:-			
Interest expense		43,812	44,040
Loss on disposal of subsidiary		237,499	-
Operating cash flows before changes in working capital		<u>(3,394)</u>	<u>(4,400)</u>
Changes in working capital:-			
Decrease in other payables		(2,054)	(2,223)
Net cash used in operating activities		<u>(5,448)</u>	<u>(6,623)</u>
Cash flows from investing activity			
Proceed from sale of subsidiary		1	-
Net cash generated from investing activity		<u>1</u>	<u>-</u>
Cash flows from financing activity			
Advance from immediate holding company		3,131	6,164
Net cash generated from financing activity		<u>3,131</u>	<u>6,164</u>
Net decrease in cash and cash equivalents		(2,316)	(459)
Cash and cash equivalents at beginning of year		<u>3,102</u>	<u>3,561</u>
Cash and cash equivalents at end of year	5	<u>786</u>	<u>3,102</u>

The notes set out on pages 8 to 19 form an integral part of and should be read in conjunction with this set of financial statements.



OORJA 3 PTE. LTD.
(UEN: 200714714E)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

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

1. GOING CONCERN

At 31 March 2017, the company has a net capital deficiency of US\$2,295,222. 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. The ultimate holding company has undertaken to provide adequate financial support for not less than 12 months from the date of the report.

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 60 Paya Lebar Road, #11-05 Paya Lebar Square, Singapore 409051.

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.

The financial statements of the company for the year ended 31 March 2017 were authorised for issue by the director on 18 May 2017.

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 2016. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements

Key sources of estimation uncertainty

There are no 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.

c) Basis of Consolidation

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.

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.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Instrument** (Continued)

i) **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, accruals 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.

ii) **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.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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) **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.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) **Income Taxes** (Continued)

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.

i) **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.

The balances are denominated in USD, unless otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Cash and Cash Equivalents

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

4. INVESTMENT IN SUBSIDIARY

	2017 US\$	2016 US\$
Unquoted shares - at cost	-	237,500

<u>Name of company</u>	<u>Place of operation/ incorporation</u>	<u>Principal activities</u>	Percentage of ownership interest voting power held by the Company	
			<u>2017</u> %	<u>2016</u> %
PT. Oorja Indo KGS	Indonesia	Mining contractors, export and selling of mining products and other general mining services	-	95

The company disposed off the subsidiary to a related company during the financial year for a consideration of US\$1.

5. CASH AND CASH EQUIVALENTS

	2017 US\$	2016 US\$
Cash on hand	1	1
Cash at bank	785	3,101
	<u>786</u>	<u>3,102</u>

Cash and cash equivalents are denominated in the following currencies:-

United States dollar	639	2,411
Singapore dollar	147	691
	<u>786</u>	<u>3,102</u>



OORJA 3 PTE. LTD.
(UEN: 200714714E)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

6. SHARE CAPITAL

	2017 US\$	2016 US\$
<u>Issued and fully paid:-</u>		
2 (2016: 2) ordinary shares	<u>1</u>	<u>1</u>

The owners of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares have no par value and carry one vote per share without restrictions.

7. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2017 US\$	2016 US\$
Interest-bearing amount	1,098,000	1,098,000
Non-interest bearing amount	<u>1,195,821</u>	<u>1,148,878</u>
	<u>2,293,821</u>	<u>2,246,878</u>

The interest-bearing amount is fixed at 4% (2016: 4%) per annum. Both amounts are unsecured and repayment arrangements are stated in Note 13(iv).

8. OTHER PAYABLES

	2017 US\$	2016 US\$
Accruals	2,187	3,897
Others	<u>-</u>	<u>344</u>
	<u>2,187</u>	<u>4,241</u>

Other payables are denominated in the following currencies:-

United States dollar	700	700
Singapore dollar	<u>1,487</u>	<u>3,541</u>
	<u>2,187</u>	<u>4,241</u>



OORJA 3 PTE. LTD.
(UEN: 200714714E)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

9. FINANCE COST

This pertains to interest expense charged by the immediate holding company (Note 7).

10. TAXATION

The income tax varied from the amount of taxation determined by applying the Singapore taxation rate of 17% (2016: 17%) to loss before taxation as a result of the following differences:-

	2017 US\$	2016 US\$
Loss before taxation	<u>(284,705)</u>	<u>(48,440)</u>
Tax benefit calculated at a tax rate of 17%	(48,400)	(8,235)
Expenses not deductible for tax purposes	40,375	-
Tax effect of loss not available for carry forward	<u>8,025</u>	<u>8,235</u>
	<u>-</u>	<u>-</u>

11. 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.

	2017 US\$	2016 US\$
Interest expense charged by immediate holding company (Note 7)	<u>43,812</u>	<u>44,040</u>

There are no employees and associated employee benefit expenses incurred during the year ended 31 March 2017 and 31 March 2016 as administrative support is provided by ultimate holding company (2016: ultimate holding company) without any charge.

There is no remuneration of director incurred during the years ended 31 March 2017 and 31 March 2016.

The company disposed of the entire interest in the subsidiary to a related company at consideration of US\$1. The company recognised loss of US\$237,499.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

12. CONTINGENT LIABILITY

The company has, together with related companies, given corporate guarantees of US\$20 million (2016: US\$20 million) to a bank for the credit facilities granted to its immediate holding company. At 31 March 2017, the immediate holding company had utilised US\$10.63 million (2016: US\$13.25 million) of the credit facilities.

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

13. 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.

i) Foreign Currency Risk

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

(ii) Interest Rate Risk

Interest on the amount owing to the immediate holding company is charged at a fixed rate and the company has no exposure to interest rate risk.

(iii) Credit risk

The company does not have any significant financial asset on credit risk.

(iv) Liquidity Risk

At the end of the reporting period, the company has net capital deficiency of US\$2,295,222 (2016: US\$2,010,517). 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 2017 and 2016 are payable on demand or due within 1 year from the end of the reporting period except for the amounts due to the immediate holding company which is payable when the company has the financial resources to do so. The immediate holding company has undertaken not to recall the repayment within the twelve month period from the end of reporting date.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

14. 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 is not carried at fair value because the fair value cannot be measured reliably. The management is unable to ascertain the repayment period of the balance.

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.

15. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2017 S\$	2016 S\$
<u>Financial assets</u>		
Loans and receivables:-		
Cash and cash equivalents	786	3,102
Total financial assets	<u>786</u>	<u>3,102</u>
<u>Financial liabilities</u>		
At amortised costs:-		
Amount due to immediate holding company	1,098,000	1,098,000
Other payables	2,187	4,241
	1,100,187	1,102,241
At cost:		
Amount due to immediate holding company (interest-free)	1,195,821	1,148,878
Total financial liabilities	<u>2,296,008</u>	<u>2,251,119</u>



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

16. CAPITAL MANAGEMENT

The company reviews its capital at least annually to ensure that it will be able to continue as a going concern. The company's overall strategy remained unchanged from prior year.

The capital structure of the company includes mainly debt owing to the immediate holding company.

17. 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.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

17. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

FRS 109 *Financial Instruments* (Continued)

Key requirements of FRS 109 include:- (Continued)

- 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 recognized.
- 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 items 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



OORJA 3 PTE. LTD.
(UEN: 200714714E)

DETAILED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2017

	2017 US\$	2016 US\$
Revenue	-	-
Expenses		
Auditor's remuneration	1,724	4,105
Bank charges	692	625
Foreign exchange gain	(204)	(330)
Interest expense charged by immediate holding company	43,812	44,040
Loss on disposal of subsidiary	237,499	-
Secretarial fee	718	-
Tax fee	464	-
	<u>(284,705)</u>	<u>(48,440)</u>
Loss before taxation	<u>(284,705)</u>	<u>(48,440)</u>



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