

SECRETARY COPY

BALASORE METALS PTE. LTD.

(ACRA REGISTRATION NO. 201134074Z)

(Incorporated in Singapore)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

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BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the Company for the financial year ended 31st March 2014.

DIRECTORS

The directors' of the Company in office at the date of this report are:-

Quek Hung Guan (Resigned on 1st November 2013)

Rajendra Kumar Parakh

Vinod Kumar Jodhani

Kalyanasundaram Maran (Appointed on 1st November 2013)

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements, since the end of previous financial year, no directors of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the directors, or with a firm of which the director is a member, or with a Company in which the directors has a substantial financial interest.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter. 50 (the "Act"), particulars of interests of director who held office at the beginning and end of the financial year in shares of the Company and related corporations are as follows:-

<u>Name of Directors having interest in the Company</u>	<u>Holdings in the name of the director, spouse or infant children</u>	
	<u>At beginning of the financial year</u>	<u>At end of the financial year</u>
	<u>Number of shares</u>	<u>Number of shares</u>
Kalyanasundaram Maran	-	-
Vinod Kumar Jodhani	-	-
Rajendra Kumar Parakh	-	-
<u>Shares registered in the name of the Immediate holding Company (Ordinary & Preference Shares)</u>		
Balasore Alloys Limited, India	1	1

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

REPORT OF THE DIRECTORS' (CONTINUED)

<u>Shares registered in the name of the Ultimate holding Company</u>	<u>At beginning of the Financial year</u> <u>No. of Shares</u>	<u>At end of the Financial year</u> <u>No. of Shares</u>
Balasure Alloys Limited India	1	1
<u>Directors having interest in the Ultimate holding Company</u>		
Vinod Kumar Jodhani	8,524	8,524
Rajendra Kumar Parakh	-	-

The above directors are deemed to have interests in the Company by way of their interests in holding company Balasure Alloys Limited, India, a Company incorporated in the Republic of India.

Except as disclosed in this report, no director who held office at the end of financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

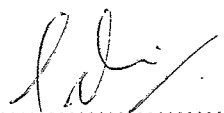
SHARE OPTIONS

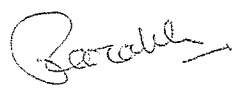
During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up un-issued shares. Further at the end of financial year, there were no un-issued shares of the Company under option.

AUDITORS

Stamford Associates LLP, Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board


.....
Vinod Kumar Jodhani
Director


.....
Rajendra Kumar Parakh
Director

SINGAPORE

Dated: 19 MAY 2014

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

STATEMENT BY THE DIRECTORS

In the opinion of the directors' of **BALASORE METALS PTE. LTD.**

- (a) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto as set out on page 5 to 35 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and of the results of the business, changes in the equity and cash flows of the Company for the financial year ended 31st March 2014; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as the holding Company has given commitment for continuous financial support.

The Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board



.....
Vinod Kumar Jodhani
Director



.....
Rajendra Kumar Parakh
Director

SINGAPORE

Dated: 19 MAY 2014



STAMFORD ASSOCIATES LLP

Chartered Accountants of Singapore

(UEN No: T07LL0683E)

**INDEPENDENT AUDITORS' REPORT
TO: MEMBERS OF BALASORE METALS PTE. LTD.
(REGISTRATION NO. 201134074Z)**

Report on the Financial Statements

We have audited the accompanying financial statements of the Company, which comprise the statement of financial position as at 31st March 2014 and statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on page 5 to 35.

Management's Responsibility 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 Singapore Companies Act Cap 50 (the "Act") and Singapore Financial Reporting Standards, 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 statement of comprehensive income accounts and statement of financial positions and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 financial statements.

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

Opinion

In our opinion:-

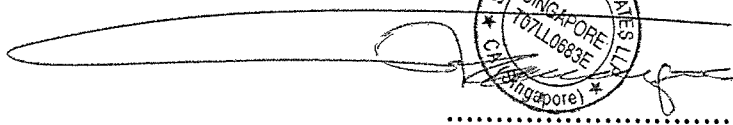

the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and the results, changes in equity and cash flows of the Company for the financial year ended on that date;

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.

Emphasis of Matter

We refer to Note 2.20 in the notes to the financial statement. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss of US\$11,831/- (2013: US\$ 7,818/-) in the financial year and as on statement of financial position date, the Company's total liabilities exceeded its total assets by US\$22,696/- (2013: US\$10,865/-) If the financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Company may have to provide for future liabilities which may arise.

SINGAPORE

STAMFORD ASSOCIATES LLP

Public Accountants and

Chartered Accountants, Singapore

DATE:

19 MAY 2014

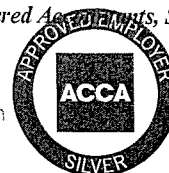
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BALASORE METALS PTE. LTD.

(Incorporated in Singapore)

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2014**

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share Capital	3	1	1
Accumulated losses		(22,697)	(10,866)
		<u>(22,696)</u>	<u>(10,865)</u>
CURRENT ASSETS			
Other receivables	5	2,363	1,755
Amount Due from a Related Company	6	-	-
Cash and cash equivalents	4	5,790	8,224
		<u>8,153</u>	<u>9,979</u>
NON-CURRENT ASSETS			
Plant and equipments		-	-
		<u>-</u>	<u>-</u>
		<u>8,153</u>	<u>9,979</u>
CURRENT LIABILITIES			
Other payables	7	(30,849)	(20,844)
Amount due to holding Company	8	-	-
Provision for taxation	14	-	-
		<u>(30,849)</u>	<u>(20,844)</u>
NET CURRENT LIABILITIES		(22,696)	(10,865)
NON-CURRENT LIABILITY			
Deferred taxation	13	-	-
NET LIABILITIES		<u>(22,696)</u>	<u>(10,865)</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

	<u>Note</u>	<u>2014</u> US\$	<u>2013</u> US\$
Revenue / Sales	9	-	-
Cost of Sales	10	-	-
Gross Profit		-	-
Other Income		-	-
Administrative expenses		(11,831)	(7,818)
Other operating expenses		-	-
		(11,831)	(7,818)
Loss from operations	11	(11,831)	(7,818)
Finance costs		-	-
Loss before taxation		(11,831)	(7,818)
Taxation	14	-	-
Deferred taxation	13	-	-
Loss from continuing operations		(11,831)	(7,818)
Loss from discontinued operation		-	-
		(11,831)	(7,818)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>		-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>		-	-
Revaluation gains on property, plant and equipment		-	-
Other comprehensive income, net of tax		-	-
Total Comprehensive Loss		(11,831)	(7,818)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

BALASORE METALS PTE. LTD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL ENDED 31ST MARCH 2014**

—————→ *Attributable to equity holders of the Company* ←————

	Share Capital	Accumulated <u>Losses</u>	<u>Total</u>
	US\$	US\$	US\$
Balance as at 31 st March 2012	1	(3,048)	(3,047)
Shares issued during the financial period	-	-	-
Total Comprehensive loss for the financial period 31 st March 2013	-	(7,818)	(7,818)
Balance as at 31st March 2013	1	(10,866)	(10,865)
Total Comprehensive loss for the financial period 31 st March 2014	-	(11,831)	(11,831)
Balance as at 31st March 2014	1	(22,697)	(22,696)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

BALASORE METALS PTE. LTD.

(Incorporated in Singapore)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

	<u>Note</u>	<u>2014</u> <u>US\$</u>	<u>2013</u> <u>US\$</u>
<u>Cash flows from operating activities</u>			
Total Loss Before Tax		(11,831)	(7,818)
Adjustments for:-			
Depreciation of plant and equipment		-	-
Interest paid		-	-
Change in Working Capital		(11,831)	(7,818)
(Increase)/decrease in working capital:-			
Other receivables	5	(608)	1,275
Amount due from a Related Company	6	-	-
Other payables	7	10,005	4,819
Amount due to holding Company	8	-	-
		9,397	6,094
Cash generated from operations		(2,434)	(1,724)
Income tax paid		-	-
Interest paid		-	-
Net cash used in financing activities		(2,434)	(1,724)
Cash Flows From Investing Activities			
Issued Paid up Capital	3	-	-
		-	-
Cash Flows From Financing Activities		(2,434)	(1,724)
Net (decrease)/Increase in cash and cash equivalents		(2,434)	(1,724)
Cash and cash equivalents at beginning of the financial year		8,224	-
Cash and cash equivalents at end of the financial year	4	<u>5,790</u>	<u>8,224</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

1. GENERAL

BALASORE METALS PTE. LTD. (Reg.No: 201134074Z) is a Company incorporated in Singapore with its registered office at 7500A Beach road, #08-313 The Plaza, Singapore - 199591. There is no principal place of doing business as the Company did not trade during the financial year.

The principal activities of the Company are relating to the wholesale of metals and metal ores such as steel trading, trading in ferro alloys materials. There have been no significant changes in the nature of these activities during the financial year. The immediate and ultimate holding company of the Company is Balasore Alloys Limited India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in in accounting policies and notes.

Interpretations and amendments to published standards effective in 2014

On 1st April 2013, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income

The Company has also adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1st April 2013. The amendment is applicable for annual periods beginning on or after 1st July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

BALASORE METALS PTE. LTD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(b) Interpretations and amendments to published standards effective in 2013
(continued)**

2.1 Basis of preparation (cont'd)

Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Company. The Company has incorporated the additional required disclosures into the financial statements.

FRS 113 Fair Value Measurement

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Company. The Company has incorporated the additional disclosures required by FRS 113 into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts.

The Company assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (cont'd)

(a) Sale of goods

Revenue from these sales is recognized when the Company has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

These goods are sold to certain customers with volume discount and the customers also have the right to return faulty goods. Revenue from these sales is recorded based on the contracted price less the estimated volume discount and returns at the time of sale. Past experience and projections are used to estimate the anticipated volume of sales and returns.

(b) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognized using the effective interest method.

2.3 Government grants

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

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Plant and equipment

Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(a) Measurement (cont'd)

(ii) Component of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within "Other gains/losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

BALASORE METALS PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to maturity, re-evaluates this designation at each statement of financial position date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the statement of financial position date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as “other receivables” (Note 5) on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (cont'd)

(a) Classification (cont'd)

(iii) Held-to-maturity financial assets (cont'd)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) Recognition & Derecognition

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

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in profit or loss. Any amount previously recognized in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (cont'd)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to-maturity financial assets are subsequently carried at amortized cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the amortized cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

(i) Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss. The impairment

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial assets (cont'd)

(e) Impairment (cont'd)

(i) Loans and receivables/Held-to-maturity financial assets (cont'd)

allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.7, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognized in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value, less any impairment loss previously recognized as an expense. The impairment losses recognized as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial liabilities (cont'd)

consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income and expenditures statement when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired.

2.7 Financial guarantees

Financial guarantees are initially recognized at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortized to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortized amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

2.8 Impairment of non- financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized in the income and expenditure statement if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the 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 or cash-generating unit.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized. Reversal of impairment loss is recorded in income and expenditure statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(b) Redeemable preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognized as finance expenses.

2.10 Leases

(a) *When the Company is the lessee:*

(i) Lessee – Finance leases

Leases where the Company assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognized on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognized in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognized as an expense in profit or loss when incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) When the Company is the lessor:

(i) Lessor – Finance leases

Leases where the Company has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in “trade and other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

(ii) Lessor – Operating leases

Leases of investment properties where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognized as income in profit or loss when earned.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Income taxes

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income and expenditure statement except to the extent that it related to its items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the Statement of Financial Position method, providing for all temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax is not recognized for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the Statement of Financial Position date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each Statement of Financial Position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, which is probable of resulting in a future outflow of economic benefits that can be measured reliably.

2.13 Employee Compensation

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Employee Compensation (cont'd.....)

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2.14 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(b) Transactions and balances

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

However, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations are recognized in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Currency Translation (cont'd....)

(b) Transactions and balances (cont'd....)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.15 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.17 Trade and other receivables

Trade receivables and other receivables are classified and accounted for as loans and receivables under *FRS 39 Financial Instruments: Recognition and Measurement (FRS 39)*. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is recognized in the income and expenditure statement.

2.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.20 Going concern

The financial statements have been prepared on a going concern basis based on holding company's commitment to provide continued financial support for the Company's operations and in order to enable the Company to meet its financial obligations as and when they arise and fall due.

3. SHARE CAPITAL

	<u>2014</u> US\$	<u>2013</u> US\$
<u>Issued and fully paid</u>		
1 Ordinary shares of US\$1/- each fully paid up	1	1
	<u>1</u>	<u>1</u>

All ordinary shares carry equal rights to vote and equal rights to receive dividends.

4. CASH AND CASH EQUIVALENTS

	<u>2014</u> US\$	<u>2013</u> US\$
Cash in Hand	1	1
Cash at Banks	5,789	8,223
Cash and cash equivalents in statement of cash flows	<u>5,790</u>	<u>8,224</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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4. CASH AND CASH EQUIVALENTS (CONT'D.....)

The cash and cash equivalents are denominated in following currency.

	<u>2014</u> US\$	<u>2013</u> US\$
<u>Currencies</u>		
United States Dollars	5,790	8,223
	<u>5,790</u>	<u>8,223</u>

5. OTHER RECEIVABLES

	<u>2014</u> US\$	<u>2013</u> US\$
Prepaid Expenses		1,755
	2,363	
	<u>2,363</u>	<u>1,755</u>

6. AMOUNT DUE FROM/(TO) A RELATED COMPANY

	<u>2014</u> US\$	<u>2013</u> US\$
Advances	-	-
Less:- Impairments	-	-
	<u>-</u>	<u>-</u>

The amount due from related party is unsecured, interest free and repayable on demand.

	<u>2014</u> US\$	<u>2013</u> US\$
<u>Currencies</u>		
Singapore Dollars	-	-
United States Dollars	-	-
	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. OTHER PAYABLES

	<u>2014</u>	<u>2013</u>
	US\$	US\$
<u>Other Payables</u>		
Accrued operating expenses	1,000	1,000
Amount due to a director	-	2,200
Other creditors	29,849	17,644
	<u>30,849</u>	<u>20,844</u>

The average credit period of trade and other payables is 30-90 days. The other payables are denominated in following currencies.

	<u>2014</u>	<u>2013</u>
	US\$	US\$
<u>Currencies</u>		
Singapore Dollars - creditors	1,000	1,000
United States Dollars - creditors	29,849	19,844
	<u>30,849</u>	<u>20,844</u>

8. AMOUNT DUE FROM/(TO) HOLDING COMPANY

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Amount due from/(to) to holding Company	-	-
	<u>-</u>	<u>-</u>

The amount due from/(to) holding Company is non-trade in nature, unsecured, interest free and repayable upon demand.

9. REVENUE

Revenue represents the invoiced value net of discount for sales & services rendered during the financial year and recognised at the point of invoicing and upon transfer of risks and rewards of the ownership of the goods to the customers. However during the financial year the Company did not trade.

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**NOTES TO THE FINANCIAL STATEMENTS
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The cost of sales comprises of followings:

	<u>2014</u> US\$	<u>2013</u> US\$
<u>Cost of Sales</u>		
Add: Purchases	-	-
Freight charges	-	-
	<u>-</u>	<u>-</u>

11. LOSS FROM CONTINUING OPERATIONS

	<u>2014</u> US\$	<u>2013</u> US\$
Loss from operations is arrived after charging:-		
Audit fees	1,000	1,150
Bank Charges & Interest	24	75
Director Fees	2,748	2,406
Filing fees/professional fees	500	500
Service Charges	<u>7,558</u>	<u>3,687</u>

12. STAFF COSTS

	<u>2014</u> US\$	<u>2013</u> US\$
Staff salaries and bonus	-	-
Contributions to defined contribution plans	-	-
	<u>-</u>	<u>-</u>

Directors' remuneration (key management personnel compensation) not recognised within staff costs is as follows: -

	<u>2014</u> US\$	<u>2013</u> US\$
Salaries and bonuses	-	-
Other benefits and kinds	-	-
	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014****13. DEFERRED TAXATION**

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Balance at 31 st March	-	-
Current year provision	-	-
Overprovision of deferred tax	-	-
Balance at 31 st March	<u>-</u>	<u>-</u>

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rates are as follows:-

14. TAXATION

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Based on profit/ (loss) for the financial period;		
Balance at beginning	-	-
Current taxation	-	-
Over provision/ under provision	-	-
Tax paid during the financial period	-	-
	<u>-</u>	<u>-</u>
	<u>2014</u>	<u>2013</u>
	US\$	US\$
Comprehensive loss before taxation	<u>(11,830)</u>	<u>(7,818)</u>
Tax at applicable tax rate of 17%	-	-
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax exemptions and rebates	-	-
Tax effect on loss & capital Allowances	-	-
Unutilised loss agreed by IRAS	-	-
Tax expense	<u>-</u>	<u>-</u>

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties: -

	<u>2014</u> US\$	<u>2013</u> US\$
Related Company		
Non-Trade receivables	-	-
Trade payables	-	-
Sales	-	-
Purchases	-	-
Key Management Personnel Compensation	-	-
	<hr/>	<hr/>
Immediate Holding Company		
Amount Due to Holding Company	-	-
	<hr/>	<hr/>

16. Contingencies

16.1 Contingent liabilities

Contingent liabilities, of which the probability of settlement is not remote at the statement of financial position date, are none.

16.2 Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognized in the financial statements, are none

16.3 Operating lease commitments – where the Company is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognized as liabilities, are as follows:

	<u>2014</u> US\$	<u>2013</u> US\$
Not later than 1 year	-	-
Between one and five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS AND FAIR VALUES

(a) Financial risk management objectives and policies

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continuously monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b) Credit risk

Financial asset that are potentially subject to concentration of credit risk and failures by counterparties to discharge their obligation consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter parties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference are used, according to the country of the customer.

The average credit period generally granted to non-related party trade receivable customers is about 30-90 days. The table below illustrates the financial assets aging analysis:

	<u>2014</u> US\$
<u>Trade receivables</u>	
30 to 60 days	-
60 to 90 days	-
Above 90 days	-
	<hr/>
	-
	<hr/>

Concentration of non-related party trade receivable customers.

The Company's top three customer's sales during the year are as follows:

	<u>2014</u> US\$
Top Customer 1	-
Top Customer 2	-
Top Customer 3	-
	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONT'D....)

(c) Interest rate risk

The interest rate risk exposure is mainly on financial liabilities and financial assets. These financial instruments are both at fixed rate and floating rates. The following table analyses the breakdown of the financial assets and liabilities (excluding derivatives) by the type of interest rate:

	<u>2014</u> US\$
<u>Financial assets:</u>	
Fixed Rate & Floating Rate	-
	-
<u>Financial Liabilities:</u>	
Fixed Rate & Floating Rate	-
	-

(d) Foreign Exchange risk

The Company has limited exposure to foreign currency risk as part of its normal business. The functional currency of the Company is in US Dollars. As such the Company's sales and purchase transacted in US Dollars are hedged naturally.

Analysis of amount denominated in non-functional currency:

<u>Financial assets:</u>	<u>Cash and Cash Equivalent</u>	<u>Trade Receivables</u>	<u>Amount due from Related Company</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Singapore Dollars	-	-	-	-
	-	-	-	-
	-	-	-	-
<u>Financial Liabilities:</u>	<u>Borrowings</u>	<u>Amount due to holding Company</u>	<u>Trade and other payables</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Singapore Dollars	-	-	1,000	1,000
	-	-	1,000	1,000
	-	-	1,000	1,000

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17. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign Exchange risk (cont'd....)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where they gave rise to an impact on the Company's profit or loss and/ or equity.

If the relevant foreign currency weakness by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

	<u>2014</u>	<u>2013</u>
<u>Financial assets:</u>	US\$	US\$
Profit/ (loss) - (net of tax @17%)	-	-
Other equity	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
	<u>2014</u>	<u>2013</u>
<u>Financial liabilities:</u>	US\$	US\$
Profit/ (loss) - (net of tax @17%)	83	83
Other equity	-	-
	<hr/>	<hr/>
	83	83
	<hr/>	<hr/>

If the relevant foreign currencies strengthen by 10% against the functional currency of the Company, profit or loss and other equity will increase/ (decrease) by:

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**NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(d) Foreign Exchange risk (continued)

Foreign currency sensitivity (continued)

	<u>2014</u>	<u>2013</u>
<u>Financial assets:</u>	<u>US\$</u>	<u>US\$</u>
Profit/ (loss) - (net of tax @17%)	-	-
Other equity	-	-
	<u>-</u>	<u>-</u>
	<u>2014</u>	<u>2013</u>
<u>Financial liabilities:</u>	<u>US\$</u>	<u>US\$</u>
Profit/ (loss) (net of tax @17%)	(83)	(83)
Other equity	-	-
	<u>(83)</u>	<u>(83)</u>

(e) Liquidity risk

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	<u>Borrowings</u>	<u>Amount due to holding Company</u>	<u>Other Payables</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Maturity Less than 1 year	-	-	30,849	30,849
Maturity 2 to 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>30,849</u>	<u>30,849</u>
Variable interest rate	Nil	Nil	Nil	-

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**NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(e) Liquidity risk (continued)

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents, deemed adequate by management to finance Company's operations and mitigate the effect of fluctuation in cash flows.

(f) Capital risk

The Company objective when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Net debt	25,059	12,620
Total equity	(22,696)	(10,865)
Total capital	<u>2,363</u>	<u>1,755</u>
Gearing ratio	<u>1,060 %</u>	<u>719 %</u>

The Borrowers leverage ratio is calculated as total liability of the Company divided by tangible net worth of the Company.

	<u>2014</u>	<u>2013</u>
	US\$	US\$
Total liability of the Company	29,849	20,844
Tangible net worth of the Company	(22,696)	(10,865)
Company' Leverage ratio (times)	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS AND FAIR VALUES (CONTINUED)

(g) Estimation of fair values

- **Investment in equity and debt securities**

The fair value of financial assets and fair value through statement of comprehensive income, held-to maturity investments and available for sale financial assets is determined by reference to their quoted bid prices at the reporting date. The fair value of held-to maturity investments is determined for disclosure purposes only.

- **Non-derivatives financial liabilities**

Fair value which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreement.

- **Other financial assets and liabilities**

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables are assumed to approximate their fair value because of the short period to maturity. All the financial assets and liabilities are discounted to determine their fair value.

18. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant changes with adverse effect in the

BALASORE METALS PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2014

18. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(a) Critical accounting estimates and assumptions (continued)

Impairment of loans and receivables (continued)

technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expenses. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have known significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none, other than the above stated.

The Company makes critical judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical judgements that have known significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are none.

19. AUTHORISATION OF THE FINANCIAL STATEMENTS

The above financial statements for the financial year ended 31st March 2014 were authorised by the Board of Directors by a resolution passed on **19 MAY 2014**

BALASORE METALS PTE LTD
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	<u>2013</u>		<u>2012</u>	
	US\$	US\$	US\$	US\$
Sales		-		-
Less: Purchases		-		-
		<hr/>		<hr/>
Gross profit		-		-
Add: Other income		<hr/>		<hr/>
		-		-
Less: Administrative expenses				
Audit Fees	1,150		1,000	
Bank Charges	75		45	
Director fees	2,406		417	
Professional charges	500		8	
Interest to bank			8	
Service Charges	3,687	(7,818)	1,570	(3,048)
		<hr/>		<hr/>
Net loss before tax		<u>(7,818)</u>		<u>(3,048)</u>

(This schedule does not form part of the audited financial statements and is meant for management use only)

