KALIMATI COAL COMPANY PTY LTD

ABN: 24 114 975 398

Annual Financial Report For The Year

Ended 31 March 2016

DIRECTOR'S REPORT

The directors of Kalimati Coal Company Pty Ltd submit herewith the annual report of the company for the financial year ended 31 March 2016.

The names of the directors of the company during or since the end of the financial year are:

- Mr. Glenn Raymond Vassallo – appointed 22 January 2016
- Mr. Dharmendra Kumar – appointed 22 January 2016
- Bryan Granzien – resigned 22 January 2016

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to $54,742 (2015 loss: $421,179).

Changes in the State of Affairs

There was no significant change in the state of affairs of the company.

Principal Activity

The principal activities of the company during the financial year were to scout for coal and raw material acquisition.

Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Dividends

No dividends have been paid or declared during the current financial year.

Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Officers

During the financial year, the parent company paid premiums in respect of insuring the directors and officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such by an officer or auditor.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

DIRECTOR'S REPORT (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the director made pursuant to s298 (2) of the Corporations Act 2001.

Glenn Vassallo
Director

Dated at………………this day of……………….2016

Kalimati Coal Company Pty Ltd

Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 March 2016

	Note	31-Mar-16 $	31-Mar-15 $
Continuing operations			
Service income	2	576,826	712,487
Cost of sales		-	(416,873)
Gross loss		576,826	295,614
Other income	2	36	63,036
Administration expenses		(606,413)	(549,484)
Finance costs		-	(425,138)
Depreciation and amortisation expense		(25,191)	(21,096)
Provision for make good		-	(30,000)
Loss before tax		(54,742)	(667,068)
Income tax expense		-	-
Loss for the year from continuing operations		(54,742)	(667,068)
Discontinued operations			
Profit for the year from discontinued operations	4	-	245,889
Loss for the year		(54,742)	(421,179)
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		(54,742)	(421,179)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 21.

Kalimati Coal Company Pty Ltd
Statement of Financial Position as at 31 March 2016

	Note	31-Mar-16 $	31-Mar-15 $
Current assets			
Cash and cash equivalents		25,657	85,705
Trade and other receivables		139,223	291,096
Other current asset		-	4,494
Total current assets		164,880	381,295
Non-current assets			
Property, plant and equipment	5	-	25,191
Total non-current assets		-	25,191
Total assets		164,880	406,486
Current liabilities			
Trade and other payables	6	41,490	200,607
Borrowings	7	45,802,286	45,802,286
Provisions	8	59,587	87,334
Total current liabilities		45,903,363	46,090,227
Total liabilities		45,903,363	46,090,227
Net assets		(45,738,483)	(45,683,741)
Equity			
Issued capital	9	6,000,000	6,000,000
Retained earnings		(51,738,483)	(51,683,741)
Total equity		(45,738,483)	(45,683,741)

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 21.

Kalimati Coal Company Pty Ltd

Statement of Changes in Equity
For the financial year ended 31 March 2016

	Issued Capital $	Retained Earnings $	Total Equity $
Balance as at 1 April 2014	6,000,000	(51,262,562)	(45,262,562)
Total comprehensive loss for the year	-	(421,179)	(421,179)
Balance as at 31 March 2015	6,000,000	(51,683,741)	(45,683,741)
Balance as at 1 April 2015	6,000,000	(51,683,741)	(45,683,741)
Total comprehensive loss for the year	-	(54,742)	(54,742)
Balance as at 31 March 2016	6,000,000	(51,738,483)	(45,738,483)

There were no movements in share capital during the year.
The Company does not have authorised capital or par value in respect of its issued shares.
All issued shared are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 21.

Kalimati Coal Company Pty Ltd

Statement of Cash Flows

For the financial year ended 31 March 2016

	Note	31-Mar-16 $	31-Mar-15 $
Cash flows from operating activities			
Cash receipts from customers		762,786	12,746,091
Cash payments to suppliers and employees		(822,870)	(16,385,339)
Interest and other costs of finance paid		_	(425,138)
Net cash utilised in provided by operating activities	12	(60,084)	(4,064,386)
Cash flows from investing activities			
Net cash inflow on disposal of businesses		_	12,600,570
Payment for property, plant and equipment		_	(1,702,542)
Interest received		36	29,138
Net cash provided by investing activities		36	10,927,166
Cash flows from financing activities			
Repayment of borrowings		_	(7,032,255)
Net cash utilised in financing activities		_	(7,032,255)
Net decrease in cash and cash equivalents		(60,048)	(169,475)
Cash and cash equivalents at the beginning of the financial year		85,705	255,180
Cash and cash equivalents at the end of the financial year		25,657	85,705

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 21.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies

The financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001. Kalimati Coal Company Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Statement of compliance

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cashflows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 'Australian Additional Disclosures'.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Historical cost is based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

In the financial year to 31 March 2016 the company made a loss after tax of $54,742 (2015: loss after tax of $421,179) to give a total of accumulated losses carried forward of $51,738,483 (2015: $51,683,741).

The company is dependent on the continued financial support of its parent entity which has been obtained by the director through a letter of support to enable the company to pay its debts as and when they fall due for the 12 months from the date of signing this financial report.

Accordingly, the directors have prepared the financial report on a going concern basis as they are of the opinion the company will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in this financial report for assets.

Accordingly, the financial report does not include any adjustment relating to the recoverability and classification of the recorded asset amounts or the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Further, the company was in a net current liability position of $45,738,483 as at 31 March 2016 (2015: Net current liability of $45,708,932).

Adoption of new and revised Accounting Standards

Standards and Interpretations adopted with no effect on financial statements.

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

Standards affecting presentation and disclosure	
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The following standards are not expected to have significant impact for the company.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' AASB 2015-8 'Amendments to Australian Accounting Standard – Effective date of AASB 15'	1 January 2018	31 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10	1 January 2018	31 June 2019

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'		
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	31 June 2018

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	31 June 2019

The impacts of the above standards and interpretations have been considered and are being assessed. These standards are not expected to materially affect reported result and the financial position in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Material estimates include:

— useful economic lives of assets and coal reserves,
— impairment of assets,
— restoration, rehabilitation and environmental costs.

The use of inaccurate assumptions in calculations for any of these estimates could result in a significant impact on the financial results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and any future periods affected. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Income tax

Current Tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the [statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

Note 1: Statement of significant accounting policies (continued)

(b) Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classed as 'loans and receivables'. Loans and receivables are measured at amortised costs using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of financial assets have been impacted.

(c) Foreign currency transactions and balances

The financial statements of the company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the entity are expressed in Australian dollars, which is the functional currency of the company and the presentation currency for the financial statements.

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At each Statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

(d) Property, plant and equipment

Recognition and measurement

Each class of property, plant and equipment is carried at cost less any accumulated depreciation, where applicable.

Freehold land is held at cost and not depreciated.

Property, leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour and the initial estimate where relevant, of the cost of dismantling and removing the items and restoring the site on which they are located.

Note 1: Statement of significant accounting policies (continued)

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Major spares purchased specifically for particular items of plant & equipment are included in the cost of those items.

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalised.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Exploration and evaluation expenditure

Exploration, evaluation and mine development costs, including original costs of acquisition, are monitored in respect of each separate area of interest.

Exploration and evaluation costs are expensed as incurred until activities in respect of an area of interest reach a stage where such costs are expected to be recouped through sale or successful development and exploitation of the area of interest.

When an area of interest is abandoned or the director decides that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, which are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term, when there is no reasonable certainty that the ownership will be obtained by the end of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis in the period in which they are incurred.

Lease incentives under operating leases are deferred and amortised on a straight-line basis over the life of the lease term.

Note 1: Statement of significant accounting policies (continued)

(g) Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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 the market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses. When the company entity transacts with a joint operation in which the company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's financial statements only to the extent of other parties' interests in the joint operation.

When a company entity transacts with a joint operation in which the company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

(i) Non-current assets held for sale

AASB5 Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Company losing significant influence over the associate or joint venture.

After the disposal takes place, the Company accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(j) Employee benefits

Wages, salaries, annual leave, sick leave, bonuses and non-monetary benefits.

Employee benefit provisions are a legal liability of the Joint Venture operator; however they have been recognised in the Joint Venture for completeness. Liabilities for employee benefits for wages, salaries, annual leave, sick leave and bonuses that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employee's services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Joint Venture expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(k) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, 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 benefit required to settle a provision are expected to be recovered from a third party, the receivables 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

(l) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transactions costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks net of outstanding bank overdrafts and deposits held at call with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

(n) Revenue

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue is recognised when it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 1: Statement of significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in Statement of comprehensive income in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Deferred mining expenditure

The costs incurred in the development of the longwall panels associated with underground mining are capitalised as "Deferred Mining Expenditure" and amortised to the cost of the related coal as it is mined on a units of production basis over the life of the longwall panel.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31-Mar-16	31-Mar-15
	$	$
Note 2: Revenue and other Income		
Service Income:	576,826	712,487
Other Income:		
Interest received	36	364
Sundry income	-	62,672
Total other income	36	63,036
Total sales revenue and other income	576,862	775,523

	31-Mar-16	31-Mar-15
Note 3: Auditors' remuneration		
Auditors of the Company-Deloitte Touche Tohmatsu		
Audit or review of the financial report	25,000	50,625
Other non-audit services	2,000	60,677
	27,000	111,302

Note 4: Discontinued operations

4.1 Disposal of Carborough Downs Joint Venture (CDJV)

On 12 December 2014, Kalimati Coal completed the disposal of its 5% share in CDJV. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 13.

4.2 Analysis of the profit for the year from discontinued operations

The combined result of the discontinued operation included on the profit for the year is set out below.

Profit for the year from discontinued operations

	31-Mar-16	31-Mar-15
Revenue	-	10,822,943
Other income	-	50,743
	-	10,873,686
Expenses	-	(13,044,772)
Reversal of impairment on assets held for sale	-	2,416,975
Profit before tax	-	245,889
Attributable Income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	-	245,889
Cash flows from discontinued operations		
Net cash inflows from operating activities	-	1,733,416
Net cash outflows from investing activities	-	(1,630,590)
Net cash outflows from financing activities	-	(116,160)
Net cash outflows	-	(13,334)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31-Mar-16	31-Mar-15	
	$	$	
Note 5: Property, plant and equipment			
Furniture and Fixtures			31-Mar-16
At cost	25,664	11,614	
Accumulated depreciation	(25,664)	(5,161)	
	-	6,453	
Improvements			
At cost	72,229	32,503	
Accumulated depreciation	(72,229)	(14,446)	
	-	18,057	
Computer Equipment			
At cost	10,504	2,170	
Accumulated depreciation	(10,504)	(1,489)	
	-	681	
Total	-	25,191	

	31-Mar-16	31-Mar-15
Note 6: Trade and other payables		
CURRENT		
Trade payables	14,490	17,563
Sundry payables and accrued expenses	27,000	183,044
	41,490	200,607

	31-Mar-16	31-Mar-15
Note 7: Borrowings		
CURRENT		
Tata Steel Global Minerals Holdings Pte Ltd	45,802,286	45,802,286
Total current borrowings	45,802,286	45,802,286

The outstanding loan is held on an interest-free basis and the repayment date has been extended to 31 March 2017.

	31-Mar-16	31-Mar-15
Note 8: Provisions		
CURRENT		
Provision for employee benefits	-	87,334
Operating lease termination provisions	59,587	-
Total	59,587	87,334

	31-Mar-16	31-Mar-15
Note 9: Issued capital		
6,000,000 (2014: 6,000,000) fully paid ordinary shares	6,000,000	6,000,000
	6,000,000	6,000,000

	31-Mar-16	31-Mar-15
Note 10: Commitments for Expenditure		
Non-cancellable operating lease for office rental payables:		
Not later than 12 months	-	81,003
Between 12 months and five years	-	-
	-	81,003

At 31 March 2016, the directors consider the costs of fulfilling the obligations under the lease to be more than the benefits receivable from the arrangement and have recognised a provision for total costs to be

incurred in the remaining term of the lease (Note 8).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 11: Contingent liabilities and Contingent Assets

Bank Guarantee

In April 2014, Tata Steel Resources Australia Pty Ltd transferred a bank guarantee of $46,475 to Kalimati Coal Company Pty Ltd over the lease of the office occupied in Level 1, Blue Tower, 12 Creek St, Brisbane QLD 4000.

Note 12: Cash Flow Information	31-Mar-16 $	31-Mar-15 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Loss after income tax	(54,742)	(421,179)
Non-cash flows in profit:		
Depreciation and amortisation	25,191	2,326,635
Impairment reversal	-	(2,416,975)
Deferred mining expenses provision	-	-
Interest Income	-	(29,138)
Changes in assets and liabilities:		
Decrease in trade and term debtors	151,873	865,211
Decrease/(Increase) in other assets	4,494	(3,735)
Decrease in inventories	-	695,610
Decrease in payables	(159,117)	(6,044,696)
Decrease in provisions	(27,747)	963,881
Net cash provided by operating activities	(60,048)	(4,064,386)

Note 13: Disposal of businesses

On 12 December 2015, the company disposed of its 5% CDJV share.

13.1 Consideration received		
Consideration received in cash and cash equivalents	-	12,600,000
Total consideration transferred	-	12,600,000
13.2 Book value of net assets sold		
Cash and cash equivalents	-	(570)
Trade receivables	-	1,197,867
Inventories	-	2,402,339
Property, plant and equipment	-	12,721,723
Payables	-	(3,539,163)
Borrowings	-	(182,196)
Net assets disposed of	-	12,600,000
13.3 Net cash inflow on disposal of business		
Consideration received in cash and cash equivalents	-	12,600,000
Less: cash and cash equivalent balances (negative) disposed of	-	(570)
Total	-	12,600,570

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Note 14: Company Details

The registered office of the company is:

GRT Lawyers
Level 2 400 Queen Street
Brisbane QLD 4000

The principal place of business is:

Level 2 400 Queen Street
Brisbane QLD 4000

Parent Company is:

Tata Steel Global Minerals Holdings Pte Ltd
22 Tanjong Kling Road
Singapore 628048

The ultimate parent company is:

Tata Steel Limited
24 Homi Mody Street
Mumbai India 400 001

Director’s declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this ‘special purpose financial report’ has been prepared to satisfy the director’s reporting requirements under the Corporations Act 2001.

The director declares that:

a) In the director’s opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
b) In the director’s opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the director made pursuant to s.295 (5) of the Corporations Act 2001.

Glenn Vassallo
Director
Dated at……………….this day of ………..…2016