

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

(formerly known as MBE Holdings Pte. Ltd.)

(Incorporated in the Republic of Singapore)

Company Reg No. 200908836C

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2011

**MBE MINERAL TECHNOLOGIES PTE. LTD.**  
(formerly known as MBE Holdings Pte. Ltd.)  
(Incorporated in the Republic of Singapore)  
Company Reg No. 200908836C

Directors	:	Prabir Kumar Ghosh Subir Ranjan Dasgupta Deepak Khaitan
Secretaries	:	Tan Ching Chek Lo Swee Oi
Registered Office	:	220 Orchard Road #05-01 Midpoint Orchard Singapore 238852
Auditors	:	BSL Public Accounting Corporation

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**MBE MINERAL TECHNOLOGIES PTE. LTD.**  
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 Company Reg No. 200908836C

**REPORT OF THE DIRECTORS**

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2011.

**1. DIRECTORS**

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

PRABIR KUMAR GHOSH  
 SUBIR RANJAN DASGUPTA  
 DEEPAK KHAITAN (Appointed on 28.6.2010)

**2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR 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 of the Company to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate.

**3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The directors holding office at the end of the financial year and their interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings were as follows:

		<u>Number of Ordinary Shares</u>			
		<u>Shareholdings held by the directors</u>		<u>Other shareholdings in which directors are deemed to have an interest</u>	
		<u>As at 1.4.2010</u>	<u>As at 31.3.2011</u>	<u>As at 1.4.2010</u>	<u>As at 31.3.2011</u>

**The Immediate and Ultimate Holding Company**

- McNally Bharat Engineering Company Limited

PRABIR KUMAR GHOSH	-	-	1,000	1,000
SRINIVASH SINGH (resigned on 28.6.2010)	2,900	2,900	-	-
SUBIR RANJAN DASGUPTA	3,000	3,000	-	-

4. **DIRECTORS' CONTRACTUAL BENEFITS**

Since the end of previous financial period, no director has received or become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act.

5. **SHARE OPTIONS**

No option to take up unissued shares of the Company was granted during the financial year. There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company whether granted before or during the financial year. There were no unissued shares of the Company under option as at the end of the financial year.

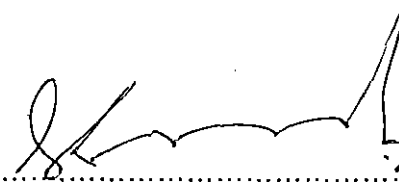
6. **AUDITORS**

BSL Public Accounting Corporation, Certified Public Accountants, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



.....  
PRABIR KUMAR GHOSH  
(Director)



.....  
SUBIR RANJAN DASGUPTA  
(Director)

SINGAPORE : 16 June 2011

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

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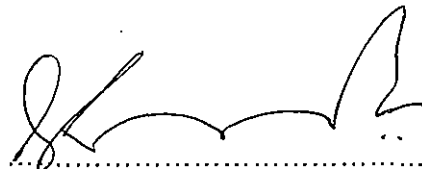
**STATEMENT BY DIRECTORS**

In the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the results of the business, changes in equity and cash flows of the Company for the year then ended and 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.

ON BEHALF OF THE DIRECTORS



.....  
PRABIR KUMAR GHOSH  
(Director)



.....  
SUBIR RANJAN DASGUPTA  
(Director)

SINGAPORE : 16 June 2011



220 Orchard Road  
#05-02 Midpoint Orchard  
Singapore 238852  
Tel: (65) 6235 3388  
Fax: (65) 6235 3168  
Email: [audit@bslpac.com.sg](mailto:audit@bslpac.com.sg)  
Website: [www.bslpac.com.sg](http://www.bslpac.com.sg)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

Company Reg No: 200510861W  
Reg No. 20-0510861-W

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

(formerly known as MBE Holdings Pte. Ltd.)

(Incorporated in the Republic of Singapore)

Company Reg No. 200908836C

**Report on the Financial Statements**

We have audited the accompanying financial statements of MBE Mineral Technologies Pte. Ltd. (the Company), which comprise the balance sheet as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*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 profit and loss accounts and balance sheets and to maintain accountability of assets.

*Auditors' 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 about 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 of financial statements that give a true and fair view 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.



220 Orchard Road  
#05-02 Midpoint Orchard  
Singapore 238852  
Tel: (65) 6235 3388  
Fax: (65) 6235 3168  
Email: [audit@bslpac.com.sg](mailto:audit@bslpac.com.sg)  
Website: [www.bslpac.com.sg](http://www.bslpac.com.sg)

Company Reg No. 200510861W  
Reg No. 20-0510861-W

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

(formerly known as MBE Holdings Pte. Ltd.)

(Incorporated in the Republic of Singapore)

Company Reg No. 200908836C

*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 31 March 2011 and the results, changes in equity and cash flows of the Company for the 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.

SINGAPORE  
16 June 2011

*BSL Public Accounting Corporation*

BSL PUBLIC ACCOUNTING CORPORATION  
Public Accountants and  
Certified Public Accountants  
Singapore

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

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Company Reg No. 200908836C

**BALANCE SHEET AS AT 31 MARCH 2011**

	<u>Note</u>	<u>2011</u> US\$	<u>2010</u> US\$
<b>SHARE CAPITAL AND RESERVE</b>			
Share capital	3	1,995,816	1,768,179
Fair value reserve		2,001,532	-
Accumulated profits/(losses)		114,016	(310,076)
		<u>4,111,364</u>	<u>1,458,103</u>
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Subsidiaries	4	9,826,723	7,622,523
Loan to a subsidiary	5	-	1,320,000
Available for sale investments	6	8,494,657	-
<b>CURRENT ASSETS</b>			
Trade receivables	7	-	45,000
Other receivables	8	10,000	191,980
Prepayments		432,197	392,439
Cash and cash equivalents	9	6,566,505	1,760,655
		<u>7,008,702</u>	<u>2,390,074</u>
<b>CURRENT LIABILITIES</b>			
Other payables	10	2,596,196	358,547
Term loans	11	3,000,000	1,500,000
Provision for tax	16 b)	12,522	15,947
		<u>5,608,718</u>	<u>1,874,494</u>
<b>NET CURRENT ASSETS</b>			
		1,399,984	515,580
<b>NON-CURRENT LIABILITIES</b>			
Term loans	11	(15,360,000)	(8,000,000)
Bond	12	(250,000)	-
		<u>4,111,364</u>	<u>1,458,103</u>

See accompanying notes to the financial statements.

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

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Company Reg No. 200908836C

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2011**

	<u>Note</u>	<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
REVENUE	13	1,120,713	327,434
OTHER OPERATING INCOME		9,810	-
OTHER OPERATING EXPENSES		(75,614)	(39,285)
BANK CHARGES		(217,708)	(385,998)
FINANCE COST	14	(416,534)	(196,280)
PROFIT/(LOSS) BEFORE TAX	15	420,667	(294,129)
TAX	16	3,425	(15,947)
NET PROFIT/(LOSS) FOR THE YEAR/PERIOD		424,092	(310,076)
<b>OTHER COMPREHENSIVE INCOME:</b>			
Fair value gain on available for sale investments		2,001,532	-
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		2,001,532	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD</b>		2,425,624	(310,076)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2011**

	<u>Share</u> <u>capital</u> US\$	<u>Fair value</u> <u>reserve</u> US\$	<u>Accumulated</u> <u>(losses)/profits</u> US\$	<u>Total</u> US\$
At date of incorporation	6,887	-	-	6,887
Issuance of shares (Note 3)	1,761,292	-	-	1,761,292
Total comprehensive income/(loss) for the period	-	-	(310,076)	(310,076)
Balance at 31.3.2010	1,768,179	-	(310,076)	1,458,103
Balance at 1.4.2010	1,768,179	-	(310,076)	1,458,103
Issuance of shares (Note 3)	227,637	-	-	227,637
Total comprehensive income for the year	-	2,001,532	424,092	2,425,624
Balance at 31.3.2011	1,995,816	2,001,532	114,016	4,111,364

See accompanying notes to the financial statements.

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2011**

	Year ended <u>31/3/2011</u> US\$	Period from 19/5/2009 to <u>31/3/2010</u> US\$
<b>Cash flows from operating activities:</b>		
Net profit/(loss) before tax	420,667	(294,129)
Adjustments for:		
Dividend income	(372,231)	-
Interest expense	416,534	196,280
Interest income	(88,482)	(42,434)
Operating profit/(loss) before working capital changes	<u>376,488</u>	<u>(140,283)</u>
Change in trade receivables	45,000	(45,000)
Change in other receivables	(10,000)	-
Change in prepayments	(39,758)	(392,439)
Change in other payables	26,066	10,104
Net cash from/(used in) operating activities	<u>397,796</u>	<u>(567,618)</u>
<b>Cash flows from investing activities</b>		
Purchase of subsidiaries	(2,204,200)	(7,622,523)
Purchase of available for sale investments	(6,493,125)	-
Repayment from subsidiary	1,500,000	-
Dividend received	372,231	-
Interest received	100,462	30,454
Net cash used in investing activities	<u>(6,724,632)</u>	<u>(7,592,069)</u>
<b>Cash flows from financing activities</b>		
Issuance of shares	227,637	1,768,179
Proceeds from term loan	10,000,000	9,500,000
Proceeds from bond	250,000	-
Loan to a subsidiary	-	(1,500,000)
(Repayment)/due to a subsidiary	(78,831)	78,831
Repayment of term loan	(1,140,000)	-
Due to immediate and ultimate holding company	2,197,363	227,637
Interest paid	(323,483)	(154,305)
Net cash from financing activities	<u>11,132,686</u>	<u>9,920,342</u>
<b>Net increase in cash and cash equivalents</b>	4,805,850	1,760,655
<b>Cash and cash equivalents at beginning of year/period</b>	1,760,655	-
<b>Cash and cash equivalents at end of year/period</b>	<u>6,566,505</u>	<u>1,760,655</u>

See accompanying notes to the financial statements.

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	<b>Year ended</b> <b><u>31/3/2011</u></b> US\$	<b>Period from</b> <b>19/5/2009 to</b> <b><u>31/3/2010</u></b> US\$
<b>CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING BALANCE SHEET AMOUNTS:</b>		
Fixed deposit (Note 9)	-	950,269
Bank balances (Note 9)	6,566,505	810,386
	<u>6,566,505</u>	<u>1,760,655</u>

See accompanying notes to the financial statements.

**MBE MINERAL TECHNOLOGIES PTE. LTD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2011**

1) **CORPORATE INFORMATION**

The financial statements of MBE Mineral Technologies Pte. Ltd. for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on 16 June 2011. MBE Mineral Technologies Pte. Ltd. is a private company limited by shares which is incorporated in the Republic of Singapore. Its immediate and ultimate holding company is McNally Bharat Engineering Company Ltd which is incorporated in India.

The registered office of MBE Mineral Technologies Pte. Ltd. is located at 220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852.

The principal activities of the Company are those of investment holding and provision of management, consultancy, technical, operational and related support services.

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

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Basis of preparation**

- (i) The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

In the current financial year, the Company has adopted all the new or revised FRS and interpretations of FRS (INT FRS) that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

**New accounting standards and FRS interpretations**

Certain new standards, amendments and interpretations to existing standards have been published and are applicable for the Company's accounting periods beginning on or after 1 April 2011 or later periods and which the Company has not early adopted. The new accounting standards and FRS interpretations are not expected to have a material impact on the Company's financial statements.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

a) **Basis of preparation** (Cont'd)

**New accounting standards and FRS interpretations** (Cont'd)

- (ii) The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The critical accounting estimates and assumptions used and areas involving judgments are described below:

**Impairment of investments in subsidiaries**

The determination of whether investments in subsidiaries are impaired requires estimation of the net recoverable value of these investments. In determining the net recoverable value of these investments, the Company is required to estimate the fair value less costs to sell or the value in use of these investments. The estimates and assumptions in order to obtain the net recoverable value of these investments are assessed on an on-going basis and are based on the experience and relevant factors, including expectation of future events. The carrying amount of investments in subsidiaries at the balance sheet date are disclosed in Note 4.

**Impairment of receivables**

The Company assesses at each balance sheet date the recoverability of receivables. The Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the other receivables at the balance sheet date is disclosed in Note 8.

b) **Consolidated financial statements**

Consolidated financial statements have not been presented as the Company is a wholly owned subsidiary of McNally Bharat Engineering Company Ltd. The address of the immediate and ultimate holding company, McNally Bharat Engineering Company Ltd, presenting the group financial statements is : 4 Mangoe Lane, Kolkata - 700001, India.

c) **Subsidiaries**

Investments in subsidiaries are stated at cost less impairment loss.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

d) **Financial assets**

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(i) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

The Company classified the following financial assets as loans and receivables:

- Loan to a subsidiary;
- Trade receivables;
- Other receivables; and
- Cash and cash equivalents.

The carrying amounts of loan to a subsidiary, trade and other receivables and cash and cash equivalents at the balance sheet date are disclosed in Note 5, Note 7, Note 8 and Note 9 respectively.

(ii) *Available for sale investments*

Quoted equity investments, which are held on a long term basis, are classified as being "available for sale investments" and are initially recognised at fair value and subsequently measured at fair values at the balance sheet date with all gains and losses other than impairment loss taken to other comprehensive income. Impairment losses are taken to profit or loss in the period it arises. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss, until the equity investments are disposed of. When these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

d) **Financial assets** (Cont'd)

(ii) *Available for sale investments* (cont'd)

Fair value is determined based on the quoted bid price at the balance sheet date. Purchases and sales of investments are recognised on the date the Company commits to purchase the investments, and derecognised on the date a sale is committed.

The carrying amounts of available for sale investments at the balance sheet date are disclosed in Note 6.

e) **Impairment**

(i) **Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal. The amount of reversal is recognised in profit or loss.

*Available for sale investments*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available for sale investments are impaired.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

e) **Impairment** (Cont'd)

(i) **Impairment of financial assets** (Cont'd)

*Available for sale investments* (Cont'd)

If an available for sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(ii) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

f) **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for estimated irrecoverable amounts. An allowance is established when there is objective 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 the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

g) **Financial liabilities**

Financial liabilities include other payables, term loans and bond. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

h) **Other payables**

Other payables, which are normally settled on 30 to 60 days terms, are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

i) **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax asset is not accounted for unless there is a reasonable expectation of its realisation.

j) **Foreign currency transactions and translation**

Functional currency

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

Foreign currency transactions and balances

Transactions arising in foreign currencies have been converted at exchange rates approximating those ruling at transaction dates except where foreign currency transactions were uncompleted at financial year end the respective outstanding balances have been converted at rates of exchange approximating those ruling at that date. Exchange differences are taken to profit or loss.

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

k) **Revenue recognition**

Revenue from the rendering of services is recognised when the service is rendered.

Dividend income is recognised when the rights to receive the dividend is established.

Interest income is recognised using the effective interest method.

3) **SHARE CAPITAL**

	<u>2011</u>		<u>2010</u>	
	Number of ordinary shares	US\$	Number of ordinary shares	US\$
<b>Issued and fully paid:</b>				
At date of incorporation/ at beginning of year	248,570	1,768,179	1,000	6,887
Issuance of shares	31,978	227,637	247,570	1,761,292
At end of year/period	<u>280,548</u>	<u>1,995,816</u>	<u>248,570</u>	<u>1,768,179</u>

During the financial year, the issued share capital of the Company was increased from US\$1,768,179 to US\$1,995,816 by way of further allotment of 31,978 shares, fully paid in cash, for a total consideration of US\$227,637. The newly issued shares rank pari passu with the existing ordinary shares of the Company.

There is no par value for the ordinary shares. The ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

**SUBSIDIARIES**

	<u>2011</u>	<u>2010</u>
	US\$	US\$
Unquoted equity shares, at cost		
At beginning of year/period	7,622,523	7,622,523
Additions	2,204,200	-
At end of year/period	<u>9,826,723</u>	<u>7,622,523</u>

Details of the subsidiaries are as follows:

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Percentage of equity held</u>		<u>Cost of investment</u>	
			<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			%	%	US\$	US\$
MBE Coal & Minerals Technology GmbH	Development, production and sale of industrial plant and machinery for preparation of coal, ores and minerals	Germany	100	100	4,384,731	4,384,731

**SUBSIDIARIES (Cont'd)**

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Percentage of equity held</u>		<u>Cost of investment</u>	
			<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			<u>%</u>	<u>%</u>	<u>US\$</u>	<u>US\$</u>
MBE Minerals S.A. (Pty) Ltd	Supply of engineering contracting and related services.	South Africa	100	75	441,300	137,100
Humboldt Wedag Minerals India Private Limited	Industrial plant engineering and supply of equipments for coal & mineral beneficiation plants	India	100	100	3,031,637	3,031,637
MBE Cologne Engineering GmbH	Manufacturing of coal & mineral equipments	Germany	100	100	1,969,055	69,055
MBE Mineral Processing Technology (Beijing) Co., Ltd <sup>[a]</sup>	Sale of equipment	China	100	-	-	-
MBE Processamento Mineral do Brasil Ltda <sup>[a]</sup>	Sale of equipment	Brazil	99	-	-	-
					<u>9,826,723</u>	<u>7,622,523</u>

<sup>[a]</sup> Subsidiaries of MBE Coal and Minerals Technology GmbH

**LOAN TO A SUBSIDIARY**

	<u>2011</u>	<u>2010</u>
	<u>US\$</u>	<u>US\$</u>
<u>Current</u>		
Due within 1 year (Note 8)	-	180,000
<u>Non-current</u>		
Due between 2 to 5 years	-	1,320,000
	<u>-</u>	<u>1,500,000</u>

In financial year 2010, the loan to a subsidiary is denominated in United States dollar, unsecured and bears interest at 6% per annum. During the financial year, loan to a subsidiary was fully repaid.

6) **AVAILABLE FOR SALE INVESTMENTS**

	<u>2011</u> US\$	<u>2010</u> US\$
Quoted equity shares at fair value		
At beginning of year	-	-
Additions	6,493,125	-
Fair value gain	2,001,532	-
At end of year	<u>8,494,657</u>	<u>-</u>

7) **TRADE RECEIVABLES**

	<u>2011</u> US\$	<u>2010</u> US\$
Due from a subsidiary	-	45,000
	<u>-</u>	<u>45,000</u>

8) **OTHER RECEIVABLES**

	<u>2011</u> US\$	<u>2010</u> US\$
Loan to a subsidiary (Note 5)	-	180,000
Other receivable	10,000	-
Interest receivables	-	11,980
	<u>10,000</u>	<u>191,980</u>

9) **CASH AND CASH EQUIVALENTS**

	<u>2011</u> US\$	<u>2010</u> US\$
Fixed deposit	-	950,269
Bank balances	6,566,505	810,386
	<u>6,566,505</u>	<u>1,760,655</u>

Cash and cash equivalents are denominated in the following currencies:

United States dollar	6,486,576	1,725,746
Singapore dollar	79,929	34,909
	<u>6,566,505</u>	<u>1,760,655</u>

In financial year 2010, fixed deposit bears interest rate at 0.38% per annum.

10) **OTHER PAYABLES**

	<u>2011</u> US\$	<u>2010</u> US\$
Amount due to a subsidiary	-	78,831
Amount due to immediate and ultimate holding company	2,425,000	227,637
Other payables	22,090	-
Interest payable	135,026	41,975
Accruals	14,080	10,104
	<u>2,596,196</u>	<u>358,547</u>

Amount due to a subsidiary and amount due to immediate and ultimate holding company are unsecured, interest free and repayable on demand.

11) **TERM LOANS**

	<u>2011</u> US\$	<u>2010</u> US\$
Term loans		
- Due within 1 year	3,000,000	1,500,000
- Due between 2 to 5 years	15,360,000	8,000,000
	<u>18,360,000</u>	<u>9,500,000</u>

The term loans bear interest between 3.312% to 4.45619% (2009: 3.25%) and are secured by a standby letter of credit from banks.

12) **BOND**

	<u>2011</u> US\$	<u>2010</u> US\$
Issuance of bond to a subsidiary	<u>250,000</u>	<u>-</u>

This 5 year Bond was issued to a subsidiary, MBE Coal & Minerals Technology GmbH which bears interest at 3.5% (2010 : Nil) per annum.

13) **REVENUE**

	<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
Management fees	660,000	285,000
Interest income		
- loan to a subsidiary	86,896	42,165
- fixed deposit	1,586	269
Dividend income from subsidiaries	372,231	-
	<u>1,120,713</u>	<u>327,434</u>

14) **FINANCE COST**

	<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
Interest expense on:		
- term loans	415,489	196,280
- bond	1,045	-
	<u>416,534</u>	<u>196,280</u>

15) **PROFIT/(LOSS) BEFORE TAX**

	<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
Profit/(loss) before tax is arrived at after charging:		
Director's fee	20,000	20,185
Exchange loss	-	393
Incorporation fees	-	1,769
	<u>-</u>	<u>1,769</u>

16) **TAX**

<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
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**Tax expense:**

Current income tax	12,522	15,947
Over provision in prior years:		
Current income tax	(15,947)	-
	<u>(3,425)</u>	<u>15,947</u>

a) Reconciliation between tax expense and accounting profit/(loss)

<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
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Profit/(loss) before tax	<u>420,667</u>	<u>(294,129)</u>
Tax at tax rate of 17% (2010: 17%)	71,513	(50,002)
Non deductible expenses	44,707	84,518
Partial tax exemption	(13,162)	(16,532)
Income not subject to tax	(61,242)	(2,037)
Utilisation of deferred tax asset not previously recognised	(29,294)	-
	<u>12,522</u>	<u>15,947</u>

b) **Movements in provision for current tax**

<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
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Balance at beginning of year/period	15,947	-
Current financial year's tax expenses	12,522	15,947
Over provision in prior year	(15,947)	-
Balance at end of year/period	<u>12,522</u>	<u>15,947</u>

17) **RELATED PARTY TRANSACTIONS**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place during the year at terms agreed between the parties.

<u>Year ended</u> <u>31/3/2011</u> US\$	<u>Period from</u> <u>19/5/2009 to</u> <u>31/3/2010</u> US\$
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Management fee received from subsidiaries	660,000	285,000
Interest income from a subsidiary	86,896	42,165
Dividend income from subsidiaries	372,231	-

18) **BANK FACILITIES**

The company has been provided a "bank guarantee" facility amounting to US\$ 21 million (2010: US\$21 million) by a bank. This facility was secured on corporate guarantee provided by the immediate and ultimate holding company, McNally Bharat Engineering Company Limited.

19) **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The capital structure of the Company comprises of issued capital and accumulated profits. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to achieve an optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain borrowings externally and/or from related companies. The Company's overall strategy remains unchanged from 2010.

20) **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The board reviews and agrees the policies for managing each of these risks as summarised below:

**Credit risk**

The carrying amounts of balances with banks, trade and other receivables represent the Company's exposure to credit risk. The Company places its surplus funds with reputable banks. Policies are in place to ensure on-going credit evaluation and active account monitoring. There are no financial assets that are past due and/or impaired at balance sheet date.

**Foreign currency risk**

The cash flows of the Company and its financial assets and liabilities are mainly denominated in United States dollars. The Company does not have any significant exposure on foreign currency risk.

**Sensitivity analysis for foreign currency risk**

Changes in foreign currency is not expected to have a material impact on the financial statements of the Company.

**Interest rate risk**

The Company's exposure to market risk for changes in interest rates relates primarily to fixed deposit balances and borrowings. The Company seeks to minimise its interest rate exposure by obtaining the most favourable interest rate available.

20) **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Cont'd)

**Interest rate risk** (Cont'd)

Sensitivity analysis for interest rate risk

If the interest rate increases/decreases by 0.25% (2010: 0.25%) with all other variables being held constant, the net profit will be lower/higher by US\$45,900 (2010: net loss will be higher/lower by US\$24,000) as a result of higher/lower interest rate.

**Liquidity risk**

Liquidity risk arises from the possibility that receivables may not be able to settle obligations within the normal terms of trade. The Company's risk management objective is to maintain a balance between continuity of funding and flexibility through available funding from related companies to assure necessary liquidity.

The table below summarises the maturity profile of the company's financial liabilities of balance sheet date based on contractual undiscounted payments.

	<b>One year or less US\$</b>	<b>Two to five years US\$</b>	<b>Total US\$</b>
<b><u>2011</u></b>			
Other payables	2,596,196	-	2,596,196
Term loans	3,099,360	15,983,142	19,082,502
Bond	-	258,750	258,750
	<u>5,695,556</u>	<u>16,241,892</u>	<u>21,937,448</u>
<b><u>2010</u></b>			
Other payables	358,547	-	358,547
Term loans	1,548,750	8,260,000	9,808,750
	<u>1,907,297</u>	<u>8,260,000</u>	<u>10,167,297</u>

**Fair values of financial assets and liabilities**

The aggregate net fair values of financial assets and financial liabilities of the Company as at 31 March 2011 are presented below:-

Investments in quoted equity shares

Effective 1 January 2010, the Company adopted the amendment to FRS 107 which requires the disclosure of value measurements by level of the following fair value measurement hierarchy:

- i) quoted price (unadjusted) in active market for identical assets or liabilities (Level 1);
- ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability' either directly (is as prices) or indirectly (ie derived from prices) (Level 2); and
- iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

20) **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Cont'd)

**Fair values of financial assets and liabilities** (Cont'd)

These investments are carried at fair value based on the quoted market price as at 31 March 2011 as disclosed in Note 6 to the financial statements and are classified as fair value measurement hierarchy Level 1 assets.

*Cash and cash equivalents, trade and other receivables, other payables*

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

*Term loans and Bond*

The carrying amounts of term loans and bond approximate their fair values.

21) **CHANGE OF NAME OF COMPANY**

The Company changed its name to MBE MINERAL TECHNOLOGIES PTE. LTD. with effect from 28 June 2010.

22) **COMPARATIVE FIGURES**

The financial statements for 2010 cover the financial period since incorporation on 19 May 2009 to 31 March 2010. The financial statements for 2011 cover the twelve months ended 31 March 2011.

**THE ATTACHED STATEMENT DOES NOT FORM PART OF THE AUDITED  
STATUTORY FINANCIAL STATEMENTS**

**MBE MINERAL TECHNOLOGIES PTE. LTD.**

(formerly known as MBE Holdings Pte. Ltd.)

(Incorporated in the Republic of Singapore)

Company Reg No. 200908836C

**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

	US\$	US\$
<b>REVENUE</b>		
Management fees		660,000
Dividend income		372,231
Interest income		88,482
		<u>1,120,713</u>
<b>OTHER OPERATING INCOME</b>		
Exchange gain		9,810
		<u>1,130,523</u>
<b>LESS: OPERATING EXPENSES</b>		
Accountancy fee	5,565	
Audit fee		
- Current provision	8,942	
- Under provision in prior year	1,992	
Bank charges	21,981	
BG Commission charges	195,727	
Director's fee	20,000	
General expenses	10,847	
Interest on bond	1,045	
Professional fees	24,017	
Secretarial fees	4,251	
Term loan interest	415,489	
		<u>(709,856)</u>
<b>PROFIT BEFORE TAX</b>		420,667
<b>TAX</b>		3,425
<b>PROFIT AFTER TAX</b>		<u><u>424,092</u></u>