EXTRACTS OF NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies

(a) Going concern assumptions

During the financial year, the Group reported a loss for the year of $10,580,000 (2017: $50,211,000) and as at that date, the Group's and the Company's current liabilities exceeded their current assets by $747,000 (2017: $3,456,000) and $39,294,000 (2017: $47,942,000) respectively.

As further disclosed in Notes 36 and 39, the Group and the Company are exposed to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in future periods.

In addition, as disclosed in Note 3, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the Commercial Affairs Department has not provided details of its investigation, the management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The Company is in the process of seeking an extension of another 18 months from Premier Equity Fund Sub Fund E and its manager, Value Capital Asset Management Private Limited ("Value Capital") for the issuance of redeemable convertible bonds which is expected to end on 17 September 2018. The Company is also seeking other alternative sources of funding such as short term credit facilities with its directors or creditors.

The directors of the Company believe that the Group and the Company will be able to raise the necessary funds from the redeemable convertible bonds and other short term credit facilities as described above, as well as to generate positive cash flows from the mining operations. As such, the directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the accompanying financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the balance sheets and additional liabilities may arise. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

3 Critical accounting estimates, assumptions and judgements

Key sources of estimation uncertainty

Investigations by the Commercial Affairs Department

In April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, management is unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.

36 Contingent liabilities

(a) In the financial year ended 31 March 2015 ("FY2015"), the Company has been notified of a claim in relation to a proposed subscription for shares in another company amounting to approximately $2,369,000. The matter is under dispute and the Company's legal advisors are of the view that the Company has strong grounds to rescind the agreement. There has been no update since FY2015. As such, no provision was recognised as at 31 March 2018.

(b) Potential claim on corporate guarantee

Prior to the disposal of IPT, the Company provided a corporate guarantee for the due performance of IPT's obligations under an Engineering Procurement Construction & Commissioning Turnkey Contract ("EPCC Contract") that IPT had entered into with a customer. Subsequently, IPT received a notice of termination from this customer stating that IPT was in breach and default of its obligations under the EPCC Contract. IPT is disputing that it was in breach and default of its obligations.

The Company's legal advisors have advised that in the event it receives a written demand from the customer, the Company will have to discharge its obligations under the corporate guarantee (be it payment of liquidated damages and/or performance of all outstanding obligations under the EPCC Contract), regardless of whether IPT is successful in proving its defense against the customer's claims.

IPT had completed the engineering, procurement and construction of the power plant which IPT has received approximately $29,300,000 (equivalent of RM78,300,000), being approximately 90% of the EPCC Contract's original contract sum. As at 31 March 2018, according to the terms of the EPCC Contract, the exposure of the maximum liquidated damages is approximately $5,400,000 (equivalent of RM16,240,000 at the current prevailing exchange rate).

At the date of these financial statements, the directors confirmed that the customer has not made any claim against the Company on the corporate guarantee and thus no provision is required to be made to the accompanying financial statements.

39 Guarantees

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

	Group and Company	
	2018	2017
	$'000	$'000
	1 year or less	1 year or less
Corporate guarantee provided to a customer in connection with a project granted to a former subsidiary - unsecured	**29,277**	27,445
Financial guarantee provided to a supplier in connection with products purchased by a former subsidiary - unsecured	**241**	245
	29,518	27,690

42 Basis for qualified opinion on the financial statements for the financial year ended 31 March 2017

The independent auditor's report dated 30 June 2017 contained a qualifed opinion on the financial statements for the financial year ended 31 March 2017. The extract of the basis for qualified opinion is as follows:

Discontinued operations and disposal group held for sale

As disclosed in Note 19(a) to the financial statements, the unaudited management accounts of Owere Mines Limited ("OML") were used to prepare the consolidated financial statements of the Group, as the audited financial statements of OML for the period from 1 April 2016 to the date when control is lost are not available. The loss of $45,804,000 (2016: $9,006,000) in respect of OML, prior to it ceasing to be a subsidiary and its consequential loss arising from loss of control was included in the loss from the discontinued operations, net of tax, in the consolidated statement of profit or loss.

We were unable to obtain sufficient information and explanations to enable us to form an opinion as to whether the unaudited management accounts of OML used in the preparation of the consolidated financial statements of the Group, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group and for the determination of the loss from the discontinued operations of the Group. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the consolidated financial statements of the Group for the financial year ended 31 March 2017 and the loss from the discontinued operations of the Group.

Impairment of loan receivable

As disclosed in Note 15 to the financial statements, included in the other receivables as at 31 March 2017 is a loan receivable of $2,627,000 (2016: $3,627,000) due from a third party, Annica Holdings Limited ("Annica"). In February 2016, the Company entered into a debt assignment agreement with Annica and Mr Lim In Chong ("Mr Lim") to assign the loan receivable to Mr Lim for a consideration of $3,200,000. The Group and the Company had recognised a full allowance for impairment loss on the loan receivable in the previous financial year as the directors are of the opinion that the recoverability of the loan is in doubt.

Subsequently in December 2016, the Company recovered $1,000,000 of the loan receivable from Mr Lim. However, we were unable to obtain sufficient appropriate audit evidence to conclude on the recoverability of the remaining balance of the loan receivable and whether the full allowance for impairment loss provided on the loan receivable is appropriate. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the accompanying financial statements for the financial year ended 31 March 2017.

Investigation by Commercial Affairs Department

As disclosed in Note 3 to the financial statements, in April 2014, the Company and one of its subsidiaries were served notices by the Commercial Affairs Department ("CAD") of the Singapore Police Force in relation to an investigation into an offence under the Securities and Futures Act, Chapter 289. As the CAD has not provided details of its investigation, we were unable to ascertain (i) whether the investigation would have an impact on the Group's and the Company's ongoing business operations; and (ii) the significance of adjustments, if any, that may arise from the investigation, to the accompanying financial statements.