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IL&FS Energy

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DIRECTORS' STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
31 MARCH 2017 AND 2016
PT MANTIMIN COAL MINING

I, the undersigned below:

Name	:	Amit Ganguly
Office address	:	UOB Plaza Thamrin Nine 30th Floor Jl. M. H. Thamrin Kav 8-10 Jakarta Pusat
Domicile address	:	Apartment The Royal Spring Hill Tower Lavender 21th Floor Unit N, Jl. Benyamin Sueb Blok D7 Kemayoran
Telephone Number	:	021 - 31908214
Position	:	President Director

State that:

1. Responsible for the preparation and presentation of the financial statements of PT Mantimin Coal Mining ("the Company");
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the interim financial statements is complete and correct;
   b. The interim financial statements do not contain misleading material information or facts, and do not omit material information and facts;
4. I am responsible for the Company's internal control system.

This statement letter is made truthfully.

Jakarta, 3 May 2017

METERAI TEMPEL 6C300AEF641012096 6000 ENAM RIBU RUPIAH

Amit Ganguly
President Director

Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan
Registered Public Accountants
Decree of the Finance Minister of the Republic of Indonesia No. 819/KM.1/2015

PKF
Accountants &
business advisers

No : PHHAAS/597b/AH/FP/2017

INDEPENDENT AUDITORS' REPORT

Shareholders, Commissioner and Board of Director
PT Mantimin Coal Mining

We have audited the accompanying financial statements of PT Mantimin Coal Mining ("the Company"), which comprise the statement of financial position as of 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in capital deficiency and 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 and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumtances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Mantimin Coal Mining as of 31 March 2017, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates that the Company has suffered recurring losses from the exploration stage of its mining operation which resulting in a capital deficiency of Rp 51,415,531,978 as of 31 March 2017. As of that date, the Company's current liabilities exceeded its current assets by Rp 39,872,351,708. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and to meet its obligation as and when they fall due. The Management's plans in regard to these matters are also discussed in Note 2 to the financial statements, for which the management believes that those plans can be implemented effectively. The accompanying financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan

Paul Hadiwinata, Hidajat, Arsono, Achmad, Suharli & Rekan Registered Public Accountants PKF

Friso Palilingan, S.E., Ak., MAk., CPA, CA, CACP
Registration of Public Accountant No. AP. 0133

3 May 2017

PT MANTIMIN COAL MINING
STATEMENT OF FINANCIAL POSITION
As of 31 March 2017
(Expressed in Rupiah, unless otherwise stated)

	Note	2017	2016	1 April 2016/ 31 March 2015
ASSETS				
CURRENT ASSETS				
Cash on hand and in banks	**3c,e,i,4,13**	299,123,664	230,172,206	393,595,493
Other receivables – related party	**3d,e,i,12,13**	-	1,171,475,367	426,487,566
Advances and prepayments		544,375,627	173,666,886	4,091,389
Total Current Assets		843,499,291	1,575,314,459	824,174,448
NON-CURRENT ASSETS				
Property and equipments - net of accumulated depreciation of Rp 2,131,893,251, Rp 1,880,762,096 and Rp 1,581,366,678 in 2017, 2016 and 2015	**3f,5**	2,554,139,274	2,795,017,329	3,075,862,747
Exploration and evaluation assets	**3g,6**	115,216,650,815	106,825,277,867	102,123,676,163
Other non-current financial assets	**3e,13**	187,315,215	351,879,907	1,031,153,008
Total Non-current Assets		117,958,105,304	109,972,175,103	106,230,691,918
TOTAL ASSETS		118,801,604,595	111,547,489,562	107,054,866,366

The accompanying notes to financial statements form an integral part of these financial statements

PT MANTIMIN COAL MINING
STATEMENT OF FINANCIAL POSITION (Continued)
As of 31 March 2017
(Expressed in Rupiah, unless otherwise stated)

	Note	2017	2016	1 April 2016/ 31 March 2015
LIABILITIES AND CAPITAL DEFICIENCY				
CURRENT LIABILITIES				
Other payables	**3b,e,i,7, 12,13**	40,556,464,537	40,508,564,689	39,890,774,623
Taxes payable	**8a**	30,386,462	289,575,518	198,456,529
Accrued expenses	**3e,13**	129,000,000	444,374,112	1,729,193,930
Total Current Liabilities		40,715,850,999	41,242,514,319	41,818,425,082
NON-CURRENT LIABILITIES				
Due to related parties	**3b,e,i,12,13**	86,208,035,574	73,211,589,243	59,457,328,979
Other non-current liabilities to related party	**3b,e,i,12,13**	43,293,250,000	43,147,000,000	42,523,000,000
Total Non-Current Liabilities		129,501,285,574	116,358,589,243	101,980,328,979
Total Liabilities		170,217,136,573	157,601,103,562	143,798,754,061
CAPITAL DEFICIENCY				
Share capital – par value of Rp 1,000,000 per share. Authorized capital – 70,000 shares. Issued and paid-up capital – 17,500 shares	**9**	17,500,000,000	17,500,000,000	17,500,000,000
Additional paid-in capital	**3l,10**	4,978,408,023	-	-
Accumulated losses		(73,893,940,001)	(63,553,614,000)	(54,243,887,695)
Capital Deficiency – Net		(51,415,531,978)	(46,053,614,000)	(36,743,887,695)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY – NET		118,801,604,595	111,547,489,562	107,054,866,366

The accompanying notes to financial statements form an integral part of these financial statements

PT MANTIMIN COAL MINING
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017
(Expressed in Rupiah, unless otherwise stated)

	Note	2017	2016
OPERATING EXPENSES	3j,11	5,450,057,787	7,740,529,350
OTHER INCOME (EXPENSES)	3j		
Loss on foreign exchange differences – net	3i	(584,735,785)	(1,028,308,825)
Loss on written-off tax amnesty asset	3l	(4,978,408,023)	-
Miscellaneous – net		672,875,594	(540,888,130)
Total Other Expenses – Net		(4,890,268,214)	(1,569,196,955)
LOSS BEFORE INCOME TAX		(10,340,326,001)	(9,309,726,305)
INCOME TAX	3k		
Current	8b	-	-
Deferred	8c	-	-
Total Income Tax		-	-
LOSS FOR THE YEAR		(10,340,326,001)	(9,309,726,305)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(10,340,326,001)	(9,309,726,305)

The accompanying notes to financial statements form an integral part of these financial statements

PT MANTIMIN COAL MINING
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the year ended 31 March 2017
(Expressed in Rupiah, unless otherwise stated)

	Share capital	Additional paid-in capital	Accumulated losses	Capital deficiency - net
Balance as of 1 April 2016	17,500,000,000	-	(54,243,887,695)	(36,743,887,695)
Total comprehensive loss for the year	-	-	(9,309,726,305)	(9,309,726,305)
Balance as of 31 March 2016	17,500,000,000	-	(63,553,614,000)	(46,053,614,000)
Effect of adoption of SFAS No. 70	-	4,978,408,023	-	4,978,408,023
Total comprehensive loss for the year	-	-	(10,340,326,001)	(10,340,326,001)
Balance as of 31 March 2017	17,500,000,000	4,978,408,023	(73,893,940,001)	(51,415,531,978)
	Note 9	**Note 10**		

The accompanying notes to financial statements form an integral part of these financial statements

PT MANTIMIN COAL MINING
STATEMENT OF CASH FLOWS
For the year ended 31 March 2017
(Expressed in Rupiah, unless otherwise stated)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(10,340,326,001)	(9,309,726,305)
Adjustments for:		
Loss on written-off tax amnesty asset	4,978,408,023	-
Unrealized loss on foreign exchange differences	486,332,192	1,879,755,264
Depreciation of property and equipments	35,920,108	84,184,376
Finance income	(1,450,645)	(806,709)
Operating loss before changes in working capital	(4,841,116,322)	(7,346,593,374)
Changes in working capital:		
Other receivables – related party	1,171,475,367	(739,400,601)
Prepayments and advances	(370,708,741)	(169,575,497)
Other non-current financial assets	164,564,692	679,273,101
Other payables	(89,104,949)	33,236,264
Taxes payable	(259,189,056)	91,118,989
Accrued expenses	(315,374,112)	(1,284,819,818)
Cash flows for operating activities	(4,539,453,121)	(8,736,760,936)
Receipts of finance income	1,450,645	806,709
Net cash flows for operating activities	(4,538,002,476)	(8,735,954,227)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipments	(10,253,100)	(18,550,000)
Increase in exploration and evaluation assets	(8,176,161,901)	(4,486,390,662)
Net cash flows for investing activities	(8,186,415,001)	(4,504,940,662)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from due to related parties	12,793,368,935	13,077,471,602
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	68,951,458	(163,423,286)
CASH ON HAND AND IN BANKS AT BEGINNING OF THE YEAR	230,172,206	393,595,492
CASH ON HAND AND IN BANKS AT END OF THE YEAR	299,123,664	230,172,206

The accompanying notes to financial statements form an integral part of these financial statements

(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Company Establishment

PT Mantimin Coal Mining (the "Company") was established in Indonesia based on Notarial Deed No. 68 dated 24 February 1993 of Veronica Lily Dharma, S.H., Notary in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia (recently known as the Minister of Law and Human Rights of the Republic of Indonesia) by virtue of its Decree No. C2-3408.HT.01.01.Th.1993 dated 19 May 1993 and was published in the State Gazette No. 85 dated 22 October 1993 and Supplement No. 4943 dated 22 October 1993.

In accordance with article 3 of the Company's articles of association, the scope of activities of the Company is to engage mainly in coal mining, export and local trade of mining products and importation of machineries and equipments for mining activities.

b. Commissioner and Board of Directors

The Commissioner and the members of the Board of Directors of the Company as of 31 March 2017 and 2016 are as follows:

		2017	2016
Commissioner	:	Anoop Kishore Seth	Anoop Kishore Seth
President Director	:	Amit Ganguly	K. R. Lakshmi Narayanan
Director	:	N. K. Balaji	Amit Ganguly

The parent of the Company is PT Bangun Asia Persada, while its ultimate parent is IL&FS Tamilnadu Power Company Limited, India.

As of 31 March 2017 and 2016, the Company employed 4 and 3 permanent employees, respectively (Unaudited).

c. Coal Cooperation Agreement

The Company's activities are governed by the provisions of Coal Cooperation Agreement (the "CCA") which was entered into between the Company and the Government of the Republic of Indonesia ("Government") on 20 November 1997.

Under the term of CCA, the Company acts as a contractor to the Government, and is responsible for coal mining operations in an area located in South Kalimantan covering an estimated area of 93,880 hectares (ha). The Company shall commenced its 30 (thirty) years operating period on the commencement of its first mining operation. The Company is entitled to 86.5% of the coal produced, with the remaining 13.5% being the Government's share of production.

On 18 February 2005, the Ministry of Energy and Mineral Resources (the "MEMR") issued Decree No. 012.K/40.00/DJG/2005 regarding the Second Relinquisment and the Beginning Stages of a Production Operation Activities in Parts of Coal Cooperation Agreement Area. In this Decree, MEMR specified that:

1) The Second Relinquisment and the Beginning Stages of a Production Operation in Parts of Coal Cooperation Agreement with the Company covering an area of 4,545 ha which valid from 26 December 2014 to 25 December 2034;
2) According the above resolution, the Company still preserved an area of 16,872 ha comprising:
   - Area of 4,545 ha in the beginning stages of production operations; and
   - Area of 12,327 is still in the stage of exploration activities

1. GENERAL

c. Coal Cooperation Agreement (Continued)

On 29 August 2005, the Ministry of Energy and Mineral Resources (the "MEMR") issued Decree No. 373.K/40.00/DJG/2005 regarding the Relinquisment Area, the Beginning and the Extention Stages of Feasibility Studies Activities in Parts of Coal Cooperation Agreement Area. In this Decree, MEMR specified that, the Company still preserved an area of 6,509 ha comprising:

1) Area of 1,964 in the stage of feasibility studies activities; and
2) Area of 4,545 ha in the beginning stages of production operations.

Based on "Settlement Issues Overlapping of Coal Cooperation Agreement Area" dated 1 February 2017 between the Company, MEMR and PT Adaro Indonesia Tbk (the "Adaro"), these parties agreed to accept the adjustment of Company's and Adaro Coal Cooperation Area, and agreed to recognize that the Company still owning mining areas of 5,908 ha.

2. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from the exploration stage of its mining operation which resulting in a capital deficiency of Rp 51,415,531,978 as of 31 March 2017. As of that date, the Company's current liabilities exceeded its current assets by Rp 39,872,351,708. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and to meet its obligation as and when they fall due.

In order to overcome this situation and to improve the Company's performance in the forthcoming year, the Company strives to implement these plans:

a. Acquire long-term loans from third parties with competitive interest rates for coal mine financing;
b. Expedite the finalization of JORC reports;
c. Expedite the construction of hauling road and carry out arrangements with third parties to utilize its established hauling road;
d. Obtain all clearance permit process needed for all the Company's mining areas.

The Company's management believes that these plans can be implemented effectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The followings are the significant accounting policies that were applied consistently in the preparation of the financial statements:

a. Basis of Preparation of the Financial Statements

The financial statements were prepared and presented in accordance with Indonesian Financial Accounting Standards as issued by the Indonesian Institute of Accountants.

The financial statements were prepared under the historical cost concept and accrual basis, unless for certain accounts that were prepared using measurements as described in their respective accounting policies.

The statements of cash flows are prepared using indirect method and present the sources and uses of cash on hand and in banks according to operating, investing and financing activities.

Figures in the financial statements are expressed in Indonesian Rupiah, unless otherwise stated.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

a. **Basis of Preparation of the Financial Statements** (Continued)

Standards and interpretations which become effective in 2016

The adoption of the following new accounting standard, which are effective from 1 January 2016 that had a material effect on the amounts reported on the financial statements is as follow:

- SFAS No. 70, "Accounting for Tax Amnesty Assets and Liabilities"

The adoption of the following amendments and improvement accounting standards and new interpretation of the accounting standard, which are effective from 1 January 2016, did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported on the financial statements are as follows:

1. Amendments to Statements of Financial Accounting Standards

   - The amendment to SFAS No. 4, "Separate Financial Statements - Equity Method in Separate Financial Statements"
   - The amendment to SFAS No. 15, "Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception"
   - The amendment to SFAS No. 16, "Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation"
   - The amendment to SFAS No. 19, "Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation"
   - The amendment to SFAS No. 24, "Employee Benefits - Defined Benefit Plans: Employee Contributions"
   - The amendment to SFAS No. 65, "Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception"
   - The amendment to SFAS No. 66, "Joint Arrangements: Accounting for Acquisitions of Interests"
   - The amendment to SFAS No. 67, "Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception"

2. New Interpretation of Statements of Financial Accounting Standard

   - IFAS No. 30, "Levies"

3. Improvements of SFAS

   - SFAS No. 5 (Improvement 2015), "Operating Segments"
   - SFAS No. 7 (Improvement 2015), "Related Party Disclosures"
   - SFAS No. 13 (Improvement 2015), "Investment Property"
   - SFAS No. 16 (Improvement 2015), "Property, Plant and Equipment"
   - SFAS No. 19 (Improvement 2015), "Intangible Assets"
   - SFAS No. 22 (Improvement 2015), "Business Combinations"
   - SFAS No. 25 (Improvement 2015), "Accounting Policies, Changes in Accounting Estimates and Errors"
   - SFAS No. 53 (Improvement 2015), "Share Based Payments"
   - SFAS No. 68 (Improvement 2015), "Fair Value Measurement"

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Preparation of the Financial Statements (Continued)

New standards, amendments and interpretations issued but not yet effective for the financial year beginning on or after 1 January 2017 and 1 January 2018 are as follows:

- The amendment to SFAS No. 1, "Presentation of Financial Statements - Disclosures Initiative"
- The amendment to SFAS No. 16, "Property, Plant and Equipment - Agriculture: Bearer Plants"
- SFAS No. 69, "Agriculture"
- SFAS No. 71, "Financial Instrument"
- SFAS No. 72, "Revenue from Contract with Customers"
- IFAS No. 31, "Interpretation of Scope of SFAS No. 13: Investment Property"

As at the authorization date of these financial statements, the Company is still evaluating the potential impact of these new and amended standards and interpretation to the Company's financial statements.

b. Related Party Transactions

The Company has entered into transactions with related parties. Related parties are defined as individual or entity which is related with the Company under the following conditions:

1) A person or a close member of the person's family is related to a reporting entity if that person:
   a) has control or joint control over the reporting entity;
   b) has significant influence over the reporting entity; or
   c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
2) An entity is related to a reporting entity if any of the following conditions applies:
   a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   c) Both entities are joint ventures of the same third party.
   d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   f) The entity is controlled or jointly controlled by a person identified in a).
   g) person identified in 1) a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The nature and extent of the transactions with related parties have been disclosed in the financial statements.

c. Cash on Hand and in Banks

Cash on hand and in banks are classified as loan and receivables. See Note 3e for the accounting policy of loan and receivables.

d. Other Receivables

Other receivables represents recevables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". See Note 3e for accounting policies of financial assets classified as loans and receivables. Interest is recognized using the effective interest rate method, except for short-term receivables whereby the recognition is immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Financial Assets and Liabilities

1) Financial Assets

The Company's financial assets consist of cash on hand and in banks, other receivables – related party and other non-current financial assets.

The Company classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest income on financial assets classified as loan and receivables is included in the statements of profit or loss and other comprehensive income and is reported as "Finance Income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables recognized in the statements of profit or loss and other comprehensive income as "Allowance for Impairment Losses".

2) Financial Liabilities

The Company's financial liabilities consist of other payables, accrued expenses and due to related parties and other non-current liabilities to related party.

The Company classifies its financial liabilities as financial liabilities carried at amortized cost.

Financial liabilities carried at amortized cost are initially recognized at fair value plus transaction costs. After initial recognition, the Company measures all financial liabilities at amortized cost using effective interest rates method. Transaction costs include only those costs that are directly attributable to the recognition of the financial liability assumed and they are incremental costs that would not have been incurred if the financial liability assumed has not been recognized. Expenses on financial liabilities carried at amortized cost is recognized in the statement of profit or loss and other comprehensive income and recorded as part of 'finance cost'.

3) Determination of Fair Value

SFAS No. 60 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

e. **Financial Assets and Liabilities** (Continued)

3) **Determination of Fair Value** (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price, while financial liabilities use ask price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
(a) the use of quoted market prices or dealer quotes for similar instruments and;
(b) other techniques, such as discounted cash flows analysis, are used to determine fair value for the remaining financial instruments.

4) **Derecognition**

The Company derecognizes the financial assets when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Any rights or obligations on the transferred financial assets that arise or are still owned by the Company are recognized as assets or liabilities separately.

The Company derecognizes the financial liabilities when the obligation specified in the contract is released or canceled or ceased.

In a transaction where the Company substantially has not or did not transfer all the risks and rewards of ownership of financial assets, the Company derecognizes those assets if the company no longer has control over those assets. The rights and obligations arising from or still exist in the transfer are recognized separately as assets or liabilities. In a transfer which is control over the assets is still owned, the Company continues to recognize the transferred assets in the amount of involvement that is sustainable, where the level of sustainability of the Company in the transferred assets amounted to as a changes in the value of the transferred assets.

5) **Offsetting Financial Instruments**

Financial assets and liabilities are set-off and the net amount is presented in the statements of financial position when, and only when, the Company has the legal right to set off the amounts and intends either to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards.

6) **Impairment of Financial Assets**

At the date of statements of financial position, the Company evaluates whether there is an objective evidence that financial asset or group of financial assets is impaired.