

25 JULY 2017

IM QUARRIES LIMITED

AND ITS SUBSIDIARIES

(Incorporated in the Republic of Singapore)
(UEN 201120428N | ARBN 154 095 897)

ANNUAL REPORT

FOR THE FINANCIAL YEAR FROM

1 APRIL 2016

TO

31 MARCH 2017

1. Chairman's Statement

On behalf of the Board, I am pleased to present to you the 2017 Annual Report of I M Quarries Limited (the "Company") for the financial year from 1 April 2016 to 31 March 2017 (the "Financial Year Under Review"), and the directors' review of operations for that period. The 2017 Annual Report incorporates the audited financial statements for the Financial Year Under Review (the "Financial Statements") for the Company and its subsidiary (the "Group"). A copy of this audited financial statements is attached to this Annual Report as Appendix A.

During the Financial Year Under Review, the Company's work focused on two principal areas, namely:

- (a) completing reports which are required to obtain the mining and safety production permits which would allow us to commence commercial production at the Houyao Garnet Project; and
- (b) developing market for products which can be produced at the Houyao Garnet Project.

2. Principal Activities of the Group

The principal activity of the Company is that of an investment holding company while the principal activity of its sole operating subsidiary is exploration for industrial grade garnet.

3. Subsidiaries

As of 31 March 2017, the end of the Financial Year Under Review, the Company's subsidiaries are:

Name of Subsidiary	Country of incorporation	Equity held	Principal activities
Three Crystals Hong Kong Limited	Hong Kong	100%	Investment holding [#]
<i>Held by Three Crystals Hong Kong Limited</i>			
Inner Mongolia Three Crystals Trading Co., Limited	China	100%	Investment holding
<i>Held by Inner Mongolia Three Crystals Trading Co., Limited</i>			
Inner Mongolia Three Crystals Mining Co., Limited	China	55%	Exploration for industrial grade garnet

[#] The Group intends to carry out its international trading of garnet products business using this company

4. Directors' Interests in Securities

As at 31 March 2017 (the end of the Financial Year Under Review) and 24 July 2016 (the latest practicable date before the 2017 Annual Report is issued), the interests of directors and officers of the Company in equity securities (shares and CDIs) of the Company are as follows:

	Directly Held		Deemed Interests	
	Date of appointment	31.03.2017 and 24.07.2017	Date of appointment	31.03.2017 and 24.07.2017
Lam Peck Heng	NIL	NIL	NIL	NIL
Chong Hock Tat Robin	1	20,000,000	NIL	NIL
Loh Chuun-Ming Bryan Phillip	60,000	60,000	5,000,000	5,000,000
Chua Soon Beng Ellen	2,797,000	2,797,000	NIL	NIL
Mah Seong Kung	NIL	NIL	NIL	NIL

By virtue of Section 7 of the Companies Act (Cap. 50), Chong Hock Tat, Robin is deemed to have an interest in the ordinary shares of all subsidiaries of the Company.

Save as disclosed above, no director or officer of the Company has a vested right to receive any distribution made on the securities or is entitled to exercise or direct the exercise of the voting rights attaching to the securities.

Under an Option Agreement dated 25 June 2015 (the “Option Agreement”) entered into by Company and Chong Hock Tat Robin, a director, the Company granted Chong Hock Tat Robin an option to subscribe for up to 10,000,000 new Shares in the share capital of the Company (the “Option Shares”) at a subscription price of S\$0.088 per Option Share (the “Option”). The Option may be exercised by Chong Hock Tat Robin at any time on or before 5:00PM Singapore time on 24 June 2020, and may be exercised in whole or in multiple parts thereof. The Company’s entry into the Option Agreement with and the grant of the Option to Chong Hock Tat Robin was approved by the shareholders of the Company by a special resolution passed at the annual general meeting held of 9 August 2015.

Under two Call Option Agreements both dated 9 November 2015, under which the Company granted a call option to each of Loh Chuun-Ming Bryan Phillip and Michael Lim Chung Khoon (each, and “Investor” and collectively, the “Investors”) to subscribe for up to 8,000,000 shares (*i.e.*, each Investor being entitled to subscribe for up to 4,000,000 shares) at a subscription price of A\$0.30 per share. The call option may be exercised by the Investors at any time on or before 5:00PM Singapore time on 9 November 2017, and may be exercised in whole or in multiple parts thereof. During the Financial Year Under Review, Loh Chuun-Ming Bryan Phillip exercised all call options issued to him. As of the date of this annual report, only the Call Option Agreement with Michael Lim Chung Khoon remain outstanding.

Save as disclosed above, as of the end of the Financial Year Under Review:

- (a) the Company and its subsidiaries does not have on issue any debt security; and
- (b) the Company has not granted any right to subscribe for any equity or debt security of the Company to any person, including a director or officer of the Company.

5. Forecast

The Company has not published any forecast in relation to the Financial Year Under Review.

6. Directors' Service Contract

During the Financial Year Under Review, there is no service contract in force with any director of the Company.

7. Material or Significant Contracts

During the Financial Year Under Review, save as disclosed elsewhere in this annual report and the Financial Statements:

- (A) there is no material contract the Company had entered into; and
- (B) there is no contract subsisting during or at the end of the Financial Year Under Review:
 - (i) in which a director of the issuer is or was materially interested, either directly or indirectly; or
 - (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; or
 - (iii) for the provision of services to the Group by a controlling shareholder or any of its subsidiaries;

8. Discloseable Arrangements with Directors and Shareholders

During and at the end of the Financial Year Under Review, there has been no arrangement under which:

- (a) a director has waived or agreed to waive any emoluments; or
- (b) a shareholder has waived or agreed to waive any dividends.

9. Directors' Review of Operations

Directors' review of operations is incorporated in the Chairman's statement set out in paragraph 1.

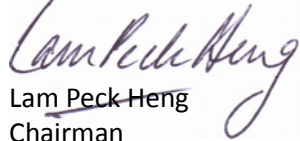
11. Statement of Main Corporate Governance Practices

The Company's annual corporate governance statement for the Financial Year Under Review was disclosed on the NSX announcements portal on 7 July 2017.

12. List of Top-20 Shareholders

The list of the top-20 holders of the Company's CDI's was disclosed on the NSX announcements portal on 7 July 2017.

On behalf of the board of directors



Lam Peck Heng
Chairman

Singapore, 25 July 2017

MGI SINGAPORE PAC
CHARTERED ACCOUNTANTS, SINGAPORE
(Company Regn. No. 200606965Z)

**I M QUARRIES LIMITED
AND IT'S SUBSIDIARIES**

(Incorporated in the Republic of Singapore)
UEN No. 2011-20428-N ABRN 154 095 897

For the financial year ended 31 March 2017

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Independent Auditors
MGI Singapore PAC
Public Accountants and
Certified Public Accountants

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- i) The financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company and the Group for the financial year ended on that date;
- ii) 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.

2. DIRECTORS OF THE COMPANY

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

CHUA SOON BENG ELLEN
 CHONG HOCK TAT ROBIN
 LAM PECK HENG
 MAH SEONG KUNG
 BRYAN PHILLIP LOH CHUUN-MING (Appointed on 25.1.2017)

3. 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 arrangement whose objects are to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures of the Company or any other corporate body, as disclosed in this report.

4. DIRECTORS' INTERESTS IN SHARES

None of the Directors who held office at the end of the financial period had any interests in the shares of the Company or its related corporation, except as follows:

	Holdings deemed in the <u>name of Director</u>		Holdings registered in the <u>name of Director</u>	
	<u>As at 1.4.2016</u>	<u>As at 31.03.17</u>	<u>As at 1.4.2016</u>	<u>As at 31.03.17</u>
Chong Hock Tat Robin	-	-	20,000,000	20,000,000
Chua Soon Beng Ellen	-	-	2,797,000	2,797,000
Bryan Phillip Loh Chuun-Ming*	-	5,120,000	60,000	60,000

Note:

* Call option agreement No. 1 was exercised and 4,000,000 CDI's options were issued at AUD 0.30 per CDI including an additional 1,000,000 shares at AUD 0.30 were issued to a director.

**I M QUARRIES LIMITED AND ITS SUBSIDIARIES
DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

5. DIRECTORS' CONTRACTUAL BENEFITS

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

6. SHARE OPTIONS

The share options granted by the Company during the previous financial year were as follows:.

Call option agreement No. 1 and 2 of up to 4,000,000 CDI's each, at an exercise price of AUD 0.30 per CDI, exercisable partially and multiply at any date till 9 Nov 2017 and an option of 10,000,000 shares to a Director at SGD 0.088 .

During the financial year, Call option agreement No. 1 was exercised and 4,000,000 CDI's options were issued at AUD 0.30 per CDI.

There were no other unissued shares of the Company under option as at the end of the financial year.

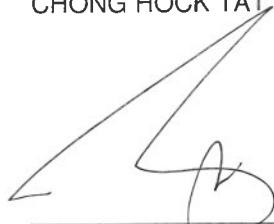
7. AUDITORS

The independent auditors, MGI SINGAPORE PAC have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



CHONG HOCK TAT ROBIN



CHUA SOON BENG ELLEN

Singapore, 13 June 2017

MGI SINGAPORE PAC
CHARTERED ACCOUNTANTS, SINGAPORE
(Company Regn. No. 200606965Z)

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF I M QUARRIES LIMITED

Report on the financial statements

We have audited the accompanying financial statements of the **I M QUARRIES LIMITED** (the "Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2017, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group 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, Chapter 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 statements 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

-Continued


**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF I M QUARRIES LIMITED**

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2017, and the results, changes in equity and cash flows of the Group for the financial year then ended in accordance with Singapore Financial Reporting Standards.

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.


MGI SINGAPORE PAC
Chartered Accountants and
Public Accountant of Singapore

Singapore, 13 June 2017

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2017

		Group		Company	
	NOTE	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Non-current assets					
Investment in subsidiaries	7	-	-	1,400,000	1,400,000
Goodwill	8	1,400,000	1,400,000	-	-
				1,400,000	1,400,000
Current assets					
Cash and bank balances	9	1,491,307	38,578	1,490,529	38,313
Other receivables	10	38,113	38,113	38,498	38,133
		1,529,420	76,691	1,529,027	76,446
Less:					
Current liability					
Other payables	11	503,804	477,364	496,233	475,838
Net current assets/(liabilities)		1,025,616	(400,673)	1,032,794	(399,392)
Net assets		2,425,616	999,327	2,432,794	1,000,608
Capital and reserves					
Share capital	12	4,149,947	2,649,947	4,149,947	2,649,947
Accumulated losses		(1,724,331)	(1,650,620)	(1,717,153)	(1,649,339)
		2,425,616	999,327	2,432,794	1,000,608

The accounting policies and explanatory notes form an integral part of the financial statements.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

The Group	Note	2017 \$	2016 \$
Revenue		-	-
Other expenses		<u>(73,711)</u>	<u>(595,341)</u>
Loss before tax		(73,711)	(595,341)
Income tax expense	13	<u>-</u>	<u>-</u>
Loss for the financial year		(73,711)	(595,341)
Exchange differences on translation of foreign controlled entities		<u>-</u>	<u>-</u>
Total comprehensive loss for the financial year		<u>(73,711)</u>	<u>(595,341)</u>
Loss Per Share (Cents)			
Basic Loss Per Share	14	(0.018)	(0.22)
Diluted Loss Per Share	14	<u>(0.004)</u>	<u>(0.003)</u>

The accounting policies and explanatory notes form an integral part of the financial statements.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2017

		Share Capital	Accumulated losses	Total
	Note	S\$	S\$	S\$
<u>Group - 2017</u>				
Balance at 1.4.2016		2,649,947	(1,650,620)	999,327
Total comprehensive loss		-	(73,711)	(73,711)
Issue of shares	12	1,500,000	-	1,500,000
Balance at 31.3.2017		4,149,947	(1,724,331)	2,425,616
 <u>Group - 2016</u>				
Balance at 1.4.2015		834,995	(1,055,279)	(220,284)
Total comprehensive loss		-	(595,341)	(595,341)
Issue of shares	12	1,814,952	-	1,814,952
Balance at 31.3.2016		2,649,947	(1,650,620)	999,327

The accounting policies and explanatory notes form an integral part of the financial statements.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
Operating activities			
Loss before taxation		(73,711)	(595,341)
Operating profit before working capital changes		(73,711)	(595,341)
<u>Changes in working capital</u>			
Other receivables		383	(38,133)
Other payables		7,571	257,100
Foreign translation differences		18,486	-
Cash flow generated from/(used in) operations		26,440	218,927
Net cash flow (used in) operating activities		(47,271)	(376,374)
Cash flows from investing activity			
Net cash from acquisition of subsidiary		-	(1,400,000)
Net cash flows (used in) investing activity		-	(1,400,000)
Cash flows from financing activity			
Net proceeds from new issue of shares/options	12	1,500,000	1,814,952
Net cash flows from financing activity		1,500,000	1,814,952
Net increase in cash at bank balance		1,452,729	38,578
Cash at bank at beginning of financial year		38,578	-
Cash at bank at end of financial year		1,491,307	38,578

The accounting policies and explanatory notes form an integral part of the financial statements.

1 CORPORATE INFORMATION

The financial statements of I M Quarries Limited for the financial year ended 31 March 2017 were authorised for issue in accordance with the resolution of the directors on the date of this statement.

IM Quarries Limited is a public company limited by shares incorporated in Singapore and listed on the National Stock Exchange of Australia.

The registered office of the company in Singapore is located at 1 Commonwealth Lane, #09-28 One-Commonwealth, Singapore 149544.

The principal activity of the Company and its controlled entities (the “Group”) is to carry on the in exploration and mining for natural resources (particularly industrial grade garnet) and its ancillary activities.

The Company has not actively carried on business since it was registered on 30 August 2011 to the date of this report.

The directors authorised these financial statements for issue on the date of this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 a)Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “act”) and Singapore Financial Reporting Standards (“FRS”) including Interpretations of Financial Reporting Standards (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Australian Dollars which is the Company’s functional currency. All financial information is presented in Singapore Dollars, unless otherwise stated.

b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) Standards issued but not yet effective

The Company adopted the following standards and interpretations that have been issued.

		Effective date (annual periods beginning on or after)
FRS 115	Revenue from Contracts with Customers	January 1, 2018
Amendments to FRS 110 and FRS 28:	Sale or Contribution of Assets between an investor and its Associates or Joint Venture	Date to be determined
FRS 109	Financial Instruments	January 1, 2018
Amendments to FRS 7:	Disclosure Initiative	January 1, 2017
Amendments to FRS 12:	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
Amendments to FRS 115:	Clarifications to FRS 115 revenue from Contracts with Customers	January 1, 2018
FRS 116	Leases	January 1, 2019
Amendments to FRS 102:	Classification and Measurement of Share-based Payment Transactions	January 1, 2018

The directors expect that the adoption of these standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.2 Financial assets

The Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the Company and group becomes a party to the contractual provisions of the financial instrument. The Company and group determines the classifications of its financial assets at initial recognition.

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 or loss, directly attributable transaction costs.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.2 Financial assets - continued

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

Loans and receivables

Non-derivative 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 amortized cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognized or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in it 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 the profit and loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date the Company commits to purchase or sell the asset. Regular was purchases or sales are purchases of sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.3 Impairment of financial assets

The Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company and group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company and group determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

2.3 Impairment of financial assets - continued

a) Financial assets carried at amortised cost - continued

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 are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Company and group 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 date. The amount of reversal is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in the profit and loss.

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company and group becomes a party to the contractual provisions of the financial instrument. The Company and group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -continued

2.3 Impairment of financial assets - continued

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

The Company and group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company and group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company and group determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 asset 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 date. The amount of reversal is recognised in profit or loss.

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -continued

2.4 Impairment of non-financial assets

environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

The Company and group assess at each reporting date whether there is indication that an asset has been impaired. If any indication exists, or when an annual impairment testing for an 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 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 or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash inflows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company and group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for the Company's and group's cash generating units to which the individual assets are allocated. For longer periods, a long-term growth forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit and loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

2.6 Cash and cash equivalents

Cash and bank balances comprise cash in hand and at bank, bank overdraft and fixed deposits that are subject to an insignificant risk of changes in value.

2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regard less of when the payment is made. Revenue is measured at fair value of consideration received or receivable and represent amounts receivable taking into account contractually, defined terms of payment and excluding taxes and duty. The Company and group remained dormant during the financial year and till date of the financial report.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.8 Impairment of tangible assets

At each balance sheet date, the Company and group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset /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 immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset /cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, 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.

2.9 Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- b) An entity is related to Company if any of the following conditions applies :
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) 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).
 - (iii) both entities are joint ventures of the same third party.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.9 Related parties – con’t

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) 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).

2.10 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.11 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre- or post- acquisition profits are recognised in the Company’s profit or loss.

2.12 Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

The carrying amount of the copyright is reviewed annually and adjusted for impairment in accordance with IAS 36 “Impairment of Assets”. An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.13 Goodwill

Goodwill arising on an acquisition of a subsidiary is subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

An impairment loss is recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below the higher of its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

An impairment loss on goodwill is not reversed in subsequent periods whilst an impairment loss on other assets is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill is not reversed in a subsequent period.

2.14 Exploration and evaluation assets

Exploration and evaluation assets relate to Exploration Licence in relation to the mining rights acquired and exploration and evaluation expenditures capitalized at the exploration stage.

Exploration and evaluation assets are initially recognised at cost. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets comprises costs which are directly attributable to acquisition, surveying, geological, geochemical and geophysical, exploratory drilling; land maintenance, sampling, and assessing technical feasibility and commercial viability.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.14 Exploration and evaluation assets – con't

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be recovered;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- (d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

2.15 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) where as a result of a past event, and it is probable that the Company and group will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the obligation is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised as finance costs.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company and group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.16 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and group; or
- (b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Company and group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.17 Foreign currency

The Company's financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured at in terms of historical cost in a foreign currency are translated at the rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial period. Information on the Company's subsidiaries is given in Note 7.

Subsidiaries are entities (including special purpose entities) over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets-Goodwill" for the subsequent accounting policy on goodwill.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Consolidation con't

Functional currencies

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated currencies at the closing rates at the end of reporting period are recognised in the profit or loss.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses are translated at average exchange rates; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with FRSs requires the management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3.1 Judgments made in applying accounting policies

There was no material judgement made by management in the process of applying the Company accounting policies that have the most significant effect on the amounts recognized in the financial statements.

3.2 key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation, uncertainty at the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

Critical judgements in applying the company's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(ii) Significant accounting estimates and judgments

The preparation of the financial statements in conformity with SFRS requires the use of judgments, 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 period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

(iii) Carrying value of non-current assets

Non-current assets are carried at cost less accumulated depreciation. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. No impairment indicators existed at the financial year end.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – CONTINUED

(iv) Exploration and evaluation expenditure

The Group policy on capitalize all future expenditure relating to exploration and evaluation of the Tenement located in Inner Mongolia in China, held by Three Crystals (Hong Long) Limited.

The Group has assessed that the capitalized expenditure will be recoverable through the project's successful development.

(v) Impairment of goodwill

The goodwill comprises the value of exploration licence to the Inner Mongolia Tenement held by Three Crystals (Hong Long) Limited.

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

The critical accounting estimates and assumptions used or areas involving a high degree of judgment are described below.

5. FINANCIAL INSTRUMENT, FINANCIAL RISKS AND CAPITAL RISKS ARRANGEMENT- RISK MANAGEMENT

a) Financial risk management objective and policies

The Company and group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks). The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Management is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits, in accordance with the objectives and underlying principles set.

There has been no change to the Company and group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit Risks

Credit risk refers to the risk that the counterparty will default on their obligations to pay the amounts owing to the Company, resulting in a loss to the Company and group. The Company seeks to minimise the potential adverse effects on its performance by adopting stringent credit policy in extending credit terms to customers and in the monitoring its credit risk.

The Company's and group's credit policy states clearly the guidelines on extending credit terms to customers. These include assessing and evaluating each customer's credit worthiness. In certain instances, the Company would also request for letters of credits or advance payments from its customers in order to mitigate its exposures to credit risk.

5. FINANCIAL INSTRUMENT, FINANCIAL RISKS AND CAPITAL RISKS ARRANGEMENT- RISK MANAGEMENT -CONTINUED

Credit Risks –con't

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk.

Market risks

The Company and group is exposed to any market risks.

Liquidity risk

The Company and group ensures availability of funds through funding from it's holding company. Due to the dynamic nature of the underlying businesses, the Company's financial control maintains flexibility in funding by maintaining availability under sufficient balance of cash.

Foreign currency risk

The Company and group is exposed to fluctuations in Australian dollars
The management minimises the risk with constant monitoring of these risks.

b) Capital risk management policies and objectives

The Company and group's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, and sell assets to reduce debt, or adjust the amount of dividends paid to shareholders.

6. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

Except as disclosed. the Company and group did not conduct any transactions with related parties nor related companies.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENT – 31 March 2017

7. SUBSIDIARIES

				2017	2016
				1,400,000	\$ 1,400,000
Unquoted equity investments, at cost					
				2017	2016
				\$	\$
Name	Country of incorpora- tion	Cost of investment	Cost of investment	Perce- tage of equity held	Principal activities
		2017	2016		
		\$	\$		
<u>Held by the Company</u>					
Three Crystals (Hong Kong) Limited	Hong Kong	1,400,000	1,400,000	100%	Investment holding
<u>Held by Three Crystals (Hong Kong) Limited</u>					
JinsanYuan Trading Co., Limited*	China	-	-	100%	Investment Holding
JinsanYuan Mining Co., Limited*	China	-	-	55%	Mining Exploration
		<u>1,400,000</u>	<u>1,400,000</u>		

*The control, day to day management and operational decisions are made by the Holding Company.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENT – 31 March 2017

8. GOODWILL

The goodwill arises from acquisition of the subsidiaries.

	2017	2016
	\$	\$
Mining	<u>1,400,000</u>	<u>1,400,000</u>

9. BANK BALANCE

Bank balances are denominated in the following currencies:

	The Company		The Group	
	2017	2016	2017	2016
	\$	\$	\$	\$
Singapore Dollar	1,490,529	38,313	1,490,529	38,313
Hong Kong dollar	-	-	464	91
Chinese Renminbi	-	-	314	174
	<u>1,490,529</u>	<u>38,313</u>	<u>1,491,307</u>	<u>38,578</u>

10. OTHER RECEIVABLES

Amount is non-trade in nature, unsecured, interest-free and repayable within the next 12 months.
Amount is denominated in Singapore dollars.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENT – 31 March 2017

11. OTHER PAYABLES

	The Company		The Group	
	2017	2016	2017	2016
	\$	\$	\$	\$
Amount due to directors*	483,868	463,838	491,804	462,364
Due from Subsidiary	365	-	-	-
Accruals	12,000	12,000	12,000	12,000
	496,233	475,838	503,804	474,364

Amount due to a director is non-trade in nature, unsecured, interest-free and repayable as and when the Company has resources to do so. Amount is denominated in Singapore dollars.

Amount due to a third party is non-trade in nature, unsecured, interest-free and repayable as and when the Company has resources to do so. Amount is denominated in Chinese Renminbi.

12. SHARE CAPITAL

	No. of shares	Amount (\$)
Issued and fully paid up:		
As at 01.4.2016	56,514,701	2,649,947
Share options exercised	4,000,000	1,200,000
Shares issued	1,000,000	300,000
As at 31.03.2017	<u>61,514,701</u>	<u>4,149,947</u>

The holders of ordinary shares (excluding treasury 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. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENT - 31 March 2017

13. TAXATION

There is no tax expense and the Company incurred losses.

Reconciliation between the tax expenses / (benefit) and the product of accounting profit multiplied by the applicable tax rate for the financial year ended was as follows:

	2017	2016
	\$	\$
(Loss) before taxation	<u>(73,711)</u>	<u>(595,341)</u>
Tax at statutory rate 17%	(12,531)	(101,208)
Adjustments:		
Tax effect on non-deductible expenses		
Others	<u>12,531</u>	<u>101,208</u>
	<u><u>-</u></u>	<u><u>-</u></u>

14. LOSS PER SHARE

The Group

The loss per share is calculated based on the consolidated losses attributable to owners of the parent divided by the weighted average number of shares on issue of shares during the financial year.

The following table reflects the profit or loss and share data used in the computation of basic and diluted loss per share from continuing operations for the financial year ended 31 March:

	The Group	
	2017	2016
	\$	\$
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	3,399,947	2,649,947
Effect of dilutive potential ordinary shares:		
Share options	<u>14,000,000</u>	19,000,000
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>17,399,947</u>	<u>21,649,947</u>

Loss figures are calculated as follows:

	The Group	
	2017	2016
	\$	\$
Loss for the purpose of calculating basic and diluted loss per share	<u>(73,711)</u>	<u>(595,341)</u>

I M QUARRIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENT - 31 March 2016

15. DIVIDEND

During the current financial year, no dividend was proposed declared or paid.

16. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to SGD equivalent) for the translation of foreign currency balances at the statement of financial position date are as follows:

	The Group	
	2017	2016
	\$	\$
Chinese Reminbi	0.202	0.209
Hong Kong Dollar	0.180	0.174

17. DETAILS OF CONTROLLED ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOSS DURING THE PERIOD

There were no entities which control has been gained or loss.

18. RELATED PARTY TRANSACTIONS

There were no related party transactions.

19. EVENT AFTER THE REPORTING DATE

The Company began to actively seek investments in the Garnet mining & manufacturing sector particularly in China.

20. CONTINGENT LIABILITIES

There are not contingent liabilities as at the date of these financial statements.