

REPORTS AND FINANCIAL STATEMENTS

KILLORAN LISHEEN FINANCE LIMITED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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KILLORAN LISHEEN FINANCE LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

A. Buckley
K. Kumar
S. Lal Bajaj
L. Nolan
D. Naidoo

SECRETARY

A. Buckley

REGISTERED OFFICE

Killoran
Moyne
Thurles
Co. Tipperary

COMPANY NUMBER

258371

AUDITOR

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Charlotte Quay
Limerick

SOLICITOR

Mason Hayes & Curran
South Bank House
Barrow Street
Dublin 4

BANKER

Barclays Bank Plc
47/48 St. Stephen's Green
Dublin 2

KILLORAN LISHEEN FINANCE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is an investment company. There has been no significant change in the principal activity of the company.

Management have undertaken a review of the legal status of the company following the commencement of the Companies Act 2014. All companies currently registered as a "Private Limited by Shares" company type must choose to convert to one of two new company types, Private Company limited by shares (LTD) or Designated Activity Company limited by shares (DAC). Based on advice and guidance received, conversion to a DAC is the most appropriate option for the company and is recommended to the board for approval.

FAIR REVIEW OF PERFORMANCE

The result for the financial year is satisfactory. All activity in the company is reallocated to group companies, and management does not anticipate any change in the status of the company in the foreseeable future.

RESULTS AND DIVIDENDS

Result after taxation for the financial year ended 31 March 2016 amounted to US\$Nil (2015: US\$Nil).

There was no dividend neither proposed nor paid during the financial year (2015: US\$Nil).

RISKS AND UNCERTAINTIES

All activity in the company is reallocated to group companies. Management has addressed the presence of risks and uncertainties and found none.

SUBSEQUENT EVENTS

Details of subsequent events are given in note 12 to the financial statements.

DIRECTORS

The present membership of the board is set out on page 2. All directors served throughout the financial year.

The directors are not required to retire by rotation.

KILLORAN LISHEEN FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS

The directors and secretary had no interests in the shares of the company at either 1 April 2015 or 31 March 2016.

None of the directors has notified the company secretary of any interests in the shares of the ultimate parent company and its related companies.

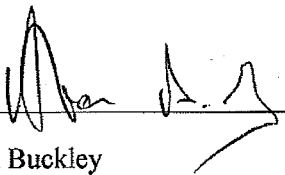
ACCOUNTING RECORDS

To ensure that proper accounting records are kept in accordance with Section 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at Killoran, Moyne, Thurles, Co. Tipperary.

AUDITOR

The auditor, Deloitte, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383 (2) of the Companies Act 2014.

Signed on behalf of the Board



Alan Buckley
Director
Date: 22-4-16



Liam Nolan
Director
Date: 22/04/16

KILLORAN LISHEEN FINANCE LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors' are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare statutory financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the statutory financial statements have been prepared in accordance with the relevant financial reporting framework, identify those standards and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the statutory financial statements and directors report comply with the Companies Act 2014 and enable the statutory financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLORAN LISHEEN FINANCE LIMITED

We have audited the financial statements of Killoran Lisheen Finance Limited for the financial year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 101 Reduced Disclosure Framework ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act, 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the of Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and other wise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the financial year ended 31 March 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 March 2016 and of the result for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of Companies Act, 2014.

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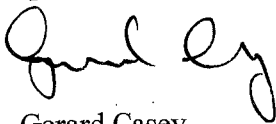
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KILLORAN LISHEEN FINANCE LIMITED

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Gerard Casey
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Limerick

Date: 22/04/16

KILLORAN LISHEEN FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Notes	2016 US\$	2015 US\$
Interest receivable and similar income	3(a)	266,295	-
Interest payable and similar charges	3(b)	-	(1,470,349)
Amounts reallocated to group companies	3	(266,295)	1,470,349
RESULT BEFORE TAXATION	4	<u>-</u>	<u>-</u>
Taxation	5	<u>-</u>	<u>-</u>
RESULT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		<u><u>-</u></u>	<u><u>-</u></u>

The above results arise from continuing activities.

The accompanying notes form an integral part of the financial statements.

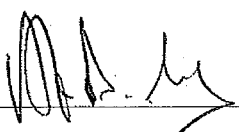
KILLORAN LISHEEN FINANCE LIMITED

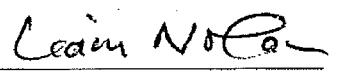
BALANCE SHEET AS AT 31 MARCH 2016

	Notes	2016 US\$	2015 US\$
CURRENT ASSETS			
Debtors	6	15,592,840	16,326,314
Cash at bank		-	-
		<u>15,592,840</u>	<u>16,326,314</u>
CREDITORS: (Amounts falling due within one year)	7	(15,319,261)	(16,052,735)
NET CURRENT ASSETS		<u>273,579</u>	<u>273,579</u>
NET ASSETS		<u>273,579</u>	<u>273,579</u>
CAPITAL AND RESERVES			
Called-up share capital – presented as equity	8	3	3
Profit and loss account	9	273,576	273,576
SHAREHOLDERS' FUNDS	10	<u>273,579</u>	<u>273,579</u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 22/04/16 and signed on its behalf by:


 Alan Buckley
 Director


 Liam Nolan
 Director

KILLORAN LISHEEN FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Called-up share capital US\$	Profit and loss account US\$	Total US\$
At 31 March 2014 as previously stated	3	273,576	273,579
Changes on transition to FRS101	-	-	-
At 1 April 2014	3	273,576	273,579
Profit for the financial year	-	-	-
Total comprehensive income	-	-	-
Dividends paid on equity shares	-	-	-
At 31 March 2015	3	273,576	273,579
Profit for the financial year	-	-	-
Total comprehensive (loss)/income	-	-	-
Dividends paid on equity shares	-	-	-
At 31 March 2016	3	273,576	273,579

KILLORAN LISHEEN FINANCE LIMITED

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

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

BASIS OF PREPARATION

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the company has undergone transition from reporting under Generally Accepted Accounting Practice in Ireland ("Irish GAAP") to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Vedanta Resources Plc.. The group accounts of Vedanta Resources Plc. are available to the public and can be obtained as set out in note 11.

BASIS OF ACCOUNTING

The company prepares its financial statements denominated in US dollars on the historical cost basis of accounting.

FOREIGN CURRENCY TRANSLATION

The US dollar is both the functional currency and presentation currency of the company.

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated to US dollars at the average rate of exchange prevailing during the financial year. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rate of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the statement of comprehensive income.

TAXATION

Corporation tax is provided on taxable profits at current attributable rates. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

KILLORAN LISHEEN FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are 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 to be 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Both intercompany receivable and intercompany payable balances are regularly reviewed and assessed for their recoverability.

3. INTEREST

(a) Interest receivable and similar income

Interest receivable and similar income comprises gains on foreign currency translation.

Interest receivable and similar income is analysed as follows:

	2016 US\$	2015 US\$
Gain on foreign currency translation	266,295	-
	<u>266,295</u>	<u>-</u>

(b) Interest payable and similar charges

Interest payable and similar charges comprises losses on foreign currency translation.

Interest payable and similar charges is analysed as follows:

	2016 US\$	2015 US\$
Loss on foreign currency translation	-	1,470,349
	<u>-</u>	<u>1,470,349</u>

The net amount is reallocated to Killoran Lisheen Mining Limited and Lisheen Milling Limited.

KILLORAN LISHEEN FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

4.	RESULT BEFORE TAXATION	2016	2015
		US\$	US\$

The result before taxation is stated after charging:

Directors' remuneration

- fees	-		-
- other emoluments including pension contributions	-		-
	-		-

Certain incidental costs are borne by other group companies. Any further disclosures required under Section 305 and Section 306 of the Companies Act 2014 are nil for both years.

5. TAXATION

No charge to taxation arises in the current financial year or the preceding financial year as all taxable income and expenditure is reallocated to group companies.

6.	DEBTORS	2016	2015
		US\$	US\$
	Amounts due from group companies	15,592,840	16,326,314
		15,592,840	16,326,314

7.	CREDITORS: (Amounts falling due within one year)	2016	2015
		US\$	US\$
	Amounts due to group companies	15,319,261	16,052,735
		15,319,261	16,052,735

KILLORAN LISHEEN FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

8. CALLED-UP SHARE CAPITAL	2016 US\$	2015 US\$
Authorised:		
15,000,000 ordinary shares of US\$1 each	15,000,000	15,000,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
3 ordinary shares of US\$1 each	3	3
	<u> </u>	<u> </u>
Called up share capital presented as equity	3	3
Called up share capital presented as liability	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

9. PROFIT AND LOSS ACCOUNT	2016 US\$	2015 US\$
Profit and loss account brought forward	273,576	273,576
Result for the financial year	-	-
	<u> </u>	<u> </u>
Profit and loss account carried forward	273,576	273,576
	<u> </u>	<u> </u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

There were no movements in shareholders' funds in either the current financial year or prior financial year other than the movements as disclosed in the profit and loss account (Note 9).

11. PARENT COMPANY

The company is a wholly owned subsidiary of Vedanta Lisheen Holdings Limited incorporated in Ireland. Vedanta Limited (formerly known as Sesa Sterlite Limited) is the smallest group company which prepares consolidated financial statements that are available to the public. The ultimate parent company is Vedanta Resources Plc., a company incorporated in the United Kingdom. The consolidated financial statements of Vedanta Resources Plc. may be obtained from the Companies House, Cardiff, Wales.

KILLORAN LISHEEN FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

12. SUBSEQUENT EVENTS

There are no material events affecting the company since the financial year end.

13. STATEMENT OF CASH FLOWS

The company has availed of the exemption set out in Financial Reporting Standard 101 Section 8(h) which provides an exemption from preparing a statement of cash flows and related notes in accordance with International Accounting Standard 7 "Statement of Cash flows".

14. RELATED PARTY TRANSACTIONS

The company has availed of the exemption set out in Financial Reporting Standard 101 Section 8(k) from disclosing inter group transactions in accordance with International Accounting Standard 24 "Related Party Disclosures".

15. EXPLANATION OF TRANSITION TO FRS 101

This is the first financial year that the company has presented its statutory financial statements under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. The following disclosures are required in the financial year of transition. The last statutory financial statements prepared under previous Irish GAAP were for the financial year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014. As a consequence of adopting FRS 101, there have been no material changes to the accounting policies adopted by the company. Consequently, there have been no material adjustments to equity and profit or loss reported under previous Irish GAAP to equity and profit or loss reported under FRS 101.