REPORTS AND FINANCIAL STATEMENTS

LISHEEN MILLING LIMITED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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CONTENTS

LISHEEN MILLING 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	261670
AUDITOR	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Charlotte Quay Limerick
BANKER	Barclays Bank plc 47/48 St. Stephen's Green Dublin 2
SOLICITOR	Mason Hayes & Curran South Bank House Barrow Street Dublin 4

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

BUSINESS REVIEW

The activity of the company ceased in February 2016 due to the unavailability of ore following the exhaustion of ore reserves at the Lisheen Mine Partnership in December 2015. The final shipment of concentrate occurred in February 2016. Hence the company ceased to trade on 29th February 2016.

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 company recorded a strong performance for the financial year ended 31 March 2016, the final year of production.

Given the challenges associated with the reducing availability of ore during the year and associated decreasing metal grade, management are pleased to report an operating profit for the financial year. This achievement reflects the commitment of the company to fine tune processes and improve its planning and production, while reducing unit costs. Cost control continued to be a major focus area for management and a number of efficiency programmes, including employee retrenchment, were implemented during the financial year. This resulted in lower operational costs incurred which were also assisted by the weakening of the Euro to US dollar exchange rate, given the majority of the costs of the company are incurred in Euro.

The savings on costs were partially offset by the weaker average commodity prices and higher TCs. Lead prices continued to decrease in 2015/2016, averaging US$1,768 per tonne for the period. The zinc price averaged US$ 1,896 per tonne, down 13% on the prior period, while zinc treatment charges increased by 18% in the same period. All the while, the company has kept safety in the forefront of everything they do.

Management have initiated a comprehensive closure plan for the operation and are committed to implementing an effective and best practice closure that fully addresses regulatory authority permit requirements. Employees have been engaged throughout the closure planning process and a redundancy programme has been successfully executed to address all employee obligations and concerns. Management is committed to actively pursuing the post closure sustainable development potential of the site.

An impairment review was undertaken by the company prior to the financial year end to compare the carrying value of assets against their recoverable amount. No impairment was required as the recoverable amount of the assets exceeded the carrying value.

RESULTS AND DIVIDENDS

The profit for the financial year was US$3,445,355 (2015: US$11,956,217).

There was no dividend neither proposed nor paid during the financial year (2015: Dividend paid US$7,500,000).

RISKS AND UNCERTAINTIES

Risk management is embedded in our critical business activities, functions and processes. Our management systems, organisational structures, processes, standards, and code of conduct together form our internal control systems, which govern how we conduct the business and manage all associated risks. Materiality and tolerance for risk are key considerations in our decision-making.

We identify risk at the parent company (Vedanta Lisheen Holdings Limited) level for existing operations as well as for ongoing projects through a consistently applied methodology, using the Turnbull risk matrix. At least once a quarter, formal discussions on risk management take place in business level review meetings of the Lisheen Group. At these meetings, each business reviews its risks, and any change in the nature and extent of the major risks since the last assessment, also control measures established for the risk and further action plans. Control measures in the Turnbull risk matrix are also periodically reviewed by business management teams to verify their effectiveness.

The risk matrix of Top 10 risks is presented to the group Audit Committee on a quarterly basis. The Audit Committee evaluates the design and operating effectiveness of the risk mitigation programme and control systems, and reports its findings to the Board of Directors on a quarterly basis. The Board of Directors has the ultimate responsibility for management of risks and for ensuring the effectiveness of internal control systems. The Audit Committee aids the Board in this process by identifying and assessing any changes in risk exposure, reviewing all risk control measures and approving remedial actions, where appropriate.

Our principal risks have been assessed according to impact and likelihood, and are described below. The order in which these risks appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their impact on our business. While our risk management framework is designed to help the company meet its objectives, there can be no guarantee that our risk management activities will mitigate or prevent these or other risks from occurring.

RISK	IMPACT	MITIGATION
Corporation tax rate	Change in tax rate may impact our profitability.	We engage, consult and take opinion from reputed tax consulting firms. Reliance is placed on appropriate legal opinion and precedence.
Health and safety	Reputational risk associated with serious injury on construction site.	We have appropriate policies and standards in place to mitigate and minimise any health and safety related occurrences. Structured monitoring, a review mechanism and system of positive compliance reporting are in place. There is a strong focus on safety during project planning/execution with adequate thrust on contract workmen safety.

SUBSEQUENT EVENTS

Details of subsequent events are given in note 21 to the financial statements.

DIRECTORS

The present membership of the board is set out on page 2. The directors are not required to retire by rotation. The directors served throughout the financial year.

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 or any 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	Liam Nolan
Director	Director
Date: 22-4-16	Date: 22/4/16.

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.

Deloitte.

Deloitte
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISHEEN MILLING LIMITED

We have audited the financial statements of Lisheen Milling 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 25. 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 profit 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 LISHEEN MILLING 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

LISHEEN MILLING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Notes	Continuing operations 2016 US$	Discontinued operations 2016 US$	Total 2016 US$	2015 US$
TURNOVER	3	-	95,177,027	95,177,027	213,157,919
Purchase of ore		-	(63,778,738)	(63,778,738)	(240,536,676)
Operating income/(expenses)		5,669,457	(37,339,822)	(31,670,365)	44,794,043
Cost of sales		5,669,457	(101,118,560)	(95,449,103)	(195,742,633)
OPERATING PROFIT/(LOSS)		5,669,457	(5,941,533)	(272,076)	17,415,286
Redundancy provision		(262)	(84,169)	(84,431)	(603,463)
PROFIT/(LOSS) BEFORE INTEREST		5,669,195	(6,025,702)	(356,507)	16,811,823
Interest receivable and similar income	4	381,259	31,558	412,817	16,841
PROFIT/(LOSS) BEFORE TAXATION	5	6,050,454	(5,994,144)	56,310	16,828,664
Taxation	7	(170,494)	3,559,539	3,389,045	(4,872,447)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		5,879,960	(2,434,605)	3,445,355	11,956,217

The 2015 results arise from discontinued activities.

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

LISHEEN MILLING LIMITED

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	2016 US$	2015 US$
FIXED ASSETS			
Tangible assets	9	1,118,542	17,046,803
CURRENT ASSETS			
Stocks	10	-	3,963,665
Debtors	11	57,914,838	43,152,255
Cash at bank and in hand		5,665,340	13,514,997
		63,580,178	60,630,917
CREDITORS: (Amounts falling due within one year)	12	(164,498)	(1,428,484)
NET CURRENT ASSETS		63,415,680	59,202,433
TOTAL ASSETS LESS CURRENT LIABILITIES		64,534,222	76,249,236
CREDITORS : (Amounts falling due after more than one year)	13	(4,686,901)	(4,686,901)
PROVISION FOR LIABILITIES AND CHARGES	14	(11,528,898)	(26,689,267)
NET ASSETS		48,318,423	44,873,068
CAPITAL AND RESERVES			
Called-up share capital – presented as equity	15	2,000	2,000
Profit and loss account	16	48,316,423	44,871,068
SHAREHOLDERS' FUNDS	17	48,318,423	44,873,068

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

The financial statements were approved by the Board of Directors on 22/4/16 and signed on its behalf by:

Alan Buckley
Director

Liam Nolan
Director

LISHEEN MILLING 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	**2,000**	**40,414,851**	**40,416,851**
Changes on transition to FRS101	-	-	-
At 1 April 2014	**2,000**	**40,414,851**	**40,416,851**
Profit for the financial year	-	11,956,217	11,956,217
Total comprehensive income	**-**	**11,956,217**	**11,956,217**
Dividends paid on equity shares	-	(7,500,000)	(7,500,000)
At 31 March 2015	**2,000**	**44,871,068**	**44,873,068**
Profit for the financial year	-	3,445,355	3,445,355
Total comprehensive income	**-**	**3,445,355**	**3,445,355**
Dividends paid on equity shares	-	-	-
At 31 March 2016	**2,000**	**48,316,423**	**48,318,423**

1. STATEMENT OF ACCOUTING 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 19.

BASIS OF ACCOUNTING

The company prepares its financial statements denominated in US dollars on the historical cost basis of accounting, modified to include certain items at fair value.

TANGIBLE ASSETS

Freehold land
Freehold land is stated at cost. Depreciation is not provided on freehold land.

Plant, equipment and buildings
Plant, equipment and buildings are stated at cost less accumulated depreciation.

Plant, equipment and buildings are depreciated over their expected useful lives on the unit of production basis.

Mobile Equipment
Mobile equipment is stated at cost less accumulated depreciation. Mobile equipment is depreciated over its expected useful lives on the straight line method over three years.

1. STATEMENT OF ACCOUTING POLICIES - continued

Impairment
At each balance sheet date, the net book value of tangible assets is reviewed and compared to its recoverable value. Expected future cash flows from the assets are discounted to their present values in determining the recoverable amount. If the recoverable amount is less than the unamortised cost of the asset then the deficiency arising is provided for to the extent that, in the opinion of the directors, it represents a permanent diminution in the value of the asset. Where provision is made it is dealt with in the statement of comprehensive income in the period in which it arises as additional depreciation.

Impairment losses which have been previously recognised are reversed only if the asset has increased in value and that increase in value arises due to a change in economic conditions or a change in the expected useful life of the asset. The recognition of a reversal of impairment is credited to the statement of comprehensive income to the extent of the original recognition of the impairment. Otherwise, the reversal is recognised in the other 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.

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.

REVENUE

Revenue is derived from the sale of zinc and lead concentrates. Sales of concentrate are stated net of smelter treatment charges and deductions. A sale is recognised when the significant risks and rewards of ownership have passed.

Typically, sales are made on either a spot or a provisionally priced basis. Where sales are provisionally priced, revenue is initially recorded at the London Metal Exchange (LME) cash settlement price at the bill of lading date and future price movements are included as mark to market adjustments within revenue until the price is fixed in the Quotational Period (the market period selected to establish the pricing of metals), using the LME average market price for that period. "Provisionally priced" sales are marked to market at each reporting date using LME official forward prices for the applicable Quotational Period.

1. STATEMENT OF ACCOUTING POLICIES - continued

DIVIDENDS

Dividends to ordinary shareholders are recognised as a liability of the company when approved by the company's shareholders.

STOCKS

Stocks of concentrates are valued at the lower of cost and net realisable value. Cost, which is determined on a weighted average basis, includes an appropriate portion of depreciation and overhead expenses. Net realisable value is based on estimated sales values, less further costs to completion and disposal.

RETIREMENT BENEFIT OBLIGATIONS

Retirement benefits to employees are funded by contributions from the company and employees. Payments are made to pension schemes which are financially separate from the company. The company operates a defined contribution plan for its employees.

CLOSURE COSTS

Provision is made for the estimated closure and related costs arising at the end of the economic useful life of the mill. This provision represents the present value, at the balance sheet date, of the estimated costs of restoring the environment disturbance. Changes in these estimates and changes to the discount rate are dealt with prospectively in the financial statements.

PROVISION FOR LIABILITIES

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, a reliable estimate of that obligation can be made and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the effect of the time value of money is material, provisions are recognised at a discounted rate. The discount rate is based on a risk-free rate and the finance charge is included in the statement of comprehensive income and added to the provision each financial year.

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. Lisheen Milling considers the following areas as the key sources of estimation uncertainty:

Impairment
Management reviews its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of the assets. Details of the impairment review undertaken are disclosed in note 9.

Provision for closure costs
Provision is made for costs associated with restoration and rehabilitation of the mineral processing site as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of mineral processing industries and they are normally incurred at the end of production life. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimated because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. Details of the closure provision are disclosed in note 14 (i).

Provision for redundancy costs
Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonable estimated. Under an orderly closure programme, the company agreed the terms of redundancy with employees and a provision for such costs has been recognised to reflect the estimated cost of redundancies up to the balance sheet date. The actual cash outflows may take place over a number of years and hence the carrying amounts are regularly reviewed and adjusted to take into account changes in legislation or other factors that may influence the provision. Details of the closure provision are disclosed in note 14 (ii).

3. TURNOVER

Turnover is derived from sales of zinc and lead concentrates recorded net of smelter charges, deductions and value added tax. The following is the geographical split of turnover by destination:

	2016 **US$**	2015 US$
Europe	95,177,027	213,157,919
Other	-	-
	95,177,027	213,157,919

All turnover arises from discontinued activities.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 **US$**	2015 US$
Bank interest receivable	31,558	16,841
Interest receivable on intercompany loans	381,259	-
	412,817	16,841

5. PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation is stated after charging/(crediting):	**2016** **US$**	2015 US$
Directors' remuneration		
- fees	-	-
- other emoluments including pension contributions	-	-
Depreciation	11,865,806	7,880,200
Loss/(gain) on foreign exchange	1,932,622	(94,322,816)

Directors' remuneration and auditor's remuneration are borne by Lisheen Mine Partnership, a connected entity.

6. EMPLOYEES AND REMUNERATION

The average number of persons employed during the financial year was 44 (2015: 72) and this is analysed into the following categories:

	2016 Number	2015 Number
Development and production	44	72

	2016 US$	2015 US$
The staff costs comprise:		
Wages and salaries	4,440,890	7,876,806
Social welfare costs	454,395	767,224
Retirement benefit obligations	120,115	252,450
	5,015,400	8,896,480

The company has availed of the exemption set out in Financial Reporting Standard 101 Section 8(j) from disclosing key management personnel compensation in accordance with International Accounting Standard 24 "Related Party Disclosures". Other than as shown in the table above any further disclosures required under Section 305 and Section 306 of the Companies Act 2014 are nil for both years.

7. TAXATION

	2016 US$	2015 US$
Corporation tax (credit)/charge for the financial year	(3,246,635)	4,795,339
(Over)/under provision in prior financial periods	(142,410)	77,108
Current tax (credit)/charge for the financial year	(3,389,045)	4,872,447
Deferred tax charge	-	-
	(3,389,045)	4,872,447

The company has utilised the deferred tax asset in the current tax year.

7. TAXATION - continued

The tax on profit is greater than the charge at the standard rate of tax for the following reasons:

	2016 US$	2015 US$
Profit before taxation	56,310	16,828,664
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 12½%	7,039	2,103,583
Factors affecting tax charge:		
Depreciation in excess of capital allowances	1,483,226	431,824
Higher rate of tax on passive income	3,967	2,208
Expenses disallowed for tax purposes	(461,772)	(125,025)
Higher rate of tax on mining related profits	861,653	2,382,749
Balancing allowances available on cessation of trade	(5,140,748)	-
Under provision in prior periods	(142,410)	77,108
Current tax (credit)/charge for the financial year	(3,389,045)	4,872,447

8. DIVIDENDS

	2016 US$	2015 US$
Equity dividends paid on ordinary shares		
Dividends paid of:		
US$Nil (2015:US$3,750) per "A" ordinary share	-	3,750,000
US$Nil (2015:US$3,750) per "B" ordinary share	-	3,750,000
	-	7,500,000

9. TANGIBLE ASSETS

	Plant, Equipment and Buildings US$	Freehold Land US$	Total US$
Cost:			
At 1 April 2015	157,864,883	2,325,450	160,190,333
Transfer from group company	137,287	-	137,287
Reclassification	1,206,908	(1,206,908)	-
Disposals	(132,079,402)	-	(132,079,402)
At 31 March 2016	27,129,676	1,118,542	28,248,218
Depreciation and Impairment:			
At 1 April 2015	143,143,530	-	143,143,530
Charged in financial year	11,865,806	-	11,865,806
Transfer from group company	134,182	-	134,182
Disposals	(128,013,842)	-	(128,013,842)
At 31 March 2016	27,129,676	-	27,129,676
Net Book Value:			
At 31 March 2016	-	1,118,542	1,118,542
At 31 March 2015	14,721,353	2,325,450	17,046,803

Plant and equipment expenditure represents costs incurred in connection with the development of the Lisheen processing facility.

Following a review by the directors in accordance with the provisions of International Accounting Standard 36 "Impairment of Assets", and based on the current market value of land, the directors consider that the recoverable amount of tangible assets exceeds the carrying value.

9. TANGIBLE ASSETS – continued

	Plant, Equipment and Buildings US$	Freehold Land US$	Construction in Progress US$	Total US$
Cost:				
At 1 April 2014	151,335,651	2,325,450	6,391,871	160,052,972
Additions	-	-	122,401	122,401
Transfer from construction in progress	6,514,272	-	(6,514,272)	-
Transfer from group company	14,960	-	-	14,960
At 31 March 2015	157,864,883	2,325,450	-	160,190,333
Depreciation and Impairment:				
At 1 April 2014	135,263,330	-	-	135,263,330
Charged in financial year	7,880,200	-	-	7,880,200
At 31 March 2015	143,143,530	-	-	143,143,530
Net Book Value:				
At 31 March 2015	14,721,353	2,325,450	-	17,046,803
At 31 March 2014	16,072,321	2,325,450	6,391,871	24,789,642

Plant and equipment expenditure represents costs incurred in connection with the development of the Lisheen processing facility.

Following a review by the directors in accordance with the provisions of International Accounting Standard 36 "Impairment of Assets", and based on the current market value of land, the directors consider that the recoverable amount of tangible assets exceeds the carrying value.

10. STOCKS

	2016 US$	2015 US$
Zinc and lead concentrates	-	3,963,665
	-	3,963,665

The replacement cost of stocks did not differ significantly from the amounts shown.

11. DEBTORS

	2016 US$	2015 US$
Trade debtors	-	3,064,475
Prepayments	480,146	21,935
Amounts due by group companies	54,178,498	39,864,757
Corporation tax	3,256,194	201,088
	57,914,838	43,152,255

12. CREDITORS: (Amounts falling due within one year)

	2016 US$	2015 US$
Trade creditors and accruals	164,498	1,428,484
	164,498	1,428,484
Creditors include taxation creditors:		
PAYE and PRSI	83,336	344,108

13. CREDITORS: (Amounts falling due after more than one year)

	2016 US$	2015 US$
Amounts due to group companies	4,686,901	4,686,901
	4,686,901	4,686,901

14. PROVISION FOR LIABILITIES AND CHARGES

	2016 US$	2015 US$
(i) Provision for closure costs		
Balance at beginning of financial year	19,567,225	24,876,975
Charge for the financial year	828,889	2,879,913
Transfer to group company	(7,028,847)	-
Unwinding of discount rate	490,993	878,922
Paid during the financial year	(3,352,026)	(3,748,222)
Foreign exchange loss/(gain)	729,362	(5,320,363)
Balance at end of financial year	11,235,596	19,567,225

The provision represents the present value at the balance sheet date of the estimated costs of restoring the environmental disturbance at the end of the economic useful life of the mineral processing site. These costs are expected to be incurred in 2016 (end of estimated economic useful life of the mine). The provision has been estimated using existing technology, at current prices discounted using a discount rate of 2.21%.

(ii) Provision for redundancy costs	2016 US$	2015 US$
Balance at beginning of financial year	7,122,042	9,069,811
Charge for the financial year	84,431	603,463
Paid during the financial year	(6,901,646)	(519,177)
Foreign exchange gain	(11,525)	(2,032,055)
Balance at end of financial year	293,302	7,122,042

Under an orderly closure programme, the company agreed the terms of redundancy with employees and a provision for such costs has been recognised to reflect the estimated cost of redundancies up to the balance sheet date.

Total provision for liabilities and charges	11,528,898	26,689,267

15. CALLED-UP SHARE CAPITAL

	2016 US$	2015 US$
Authorised		
500,000 'A' ordinary shares @ US$1 each	500,000	500,000
500,000 'B' ordinary shares @ US$1 each	500,000	500,000
	1,000,000	1,000,000
Allotted, issued and fully paid		
1,000 'A' ordinary shares @ US$1 each	1,000	1,000
1,000 'B' ordinary shares @ US$1 each	1,000	1,000
	2,000	2,000
Called up share capital presented as equity	2,000	2,000
Called up share capital presented as liability	-	-
	2,000	2,000

16. PROFIT AND LOSS ACCOUNT

	2016 US$	2015 US$
Profit and loss account brought forward	44,871,068	40,414,851
Profit for the financial year	3,445,355	11,956,217
Dividends paid (note 8)	-	(7,500,000)
Profit and loss account carried forward	48,316,423	44,871,068

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 US$	2015 US$
Opening shareholders' funds	44,873,068	40,416,851
Profit for the financial year	3,445,355	11,956,217
Dividends paid (note 8)	-	(7,500,000)
Closing shareholders' funds	48,318,423	44,873,068

18. RETIREMENT BENEFIT OBLIGATIONS

The company operates a defined contribution scheme for all of its employees. Total retirement benefit obligations for the financial year were US$120,115 (2015: US$252,450). The assets of the scheme are held separately from those of the company in an independently administered fund. The retirement benefit obligations charge represents contributions paid by the company to the scheme.

19. 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.

20. CONTINGENT LIABILITIES

An amended corporation tax assessment for Lisheen Milling Limited has been issued by the Irish Revenue authorities in respect of the financial years 2006 - 2011. No provision in relation to the claim has been recognised in the financial statements, as the directors do not consider it probable that a significant liability will arise.

21. SUBSEQUENT EVENTS

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

22. 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".

23. 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".

24. FINANCIAL INSTRUMENTS

The company has availed of the exemption set out in Financial Reporting Standard 101 Section 8(d) from all disclosure requirements of International Financial Reporting Standard 7 "Financial Instruments Disclosures" as equivalent disclosures are included in the consolidated financial statements of Vedanta Limited (formerly known as Sesa Sterlite Limited) and Vedanta Resources Plc. into which the company is consolidated.

25. 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.