

## **PT Sempec Indonesia**

Financial statements as of March 31, 2015  
and for the year then ended with independent auditors' report

**PT SEMPEC INDONESIA  
FINANCIAL STATEMENTS  
AS OF MARCH 31, 2015 AND  
FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

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# Purwantono, Suherman & Surja

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## Independent Auditors' Report

Report No. RPC-7484/PSS/2015

### The Shareholders, Commissioner and Board of Directors PT Sempec Indonesia

We have audited the accompanying financial statements of PT Sempec Indonesia which comprise the statement of financial position as of March 31, 2015, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the 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 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.



**Independent Auditors' Report (continued)**

Report No. RPC-7484/PSS/2015 (continued)

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Sempec Indonesia as of March 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**Purwantono, Suherman & Surja**

A handwritten signature in black ink, appearing to read 'Hermawan Setiadi', with a horizontal line underneath it.

**Hermawan Setiadi**  
Public Accountant Registration No. AP.0695

June 12, 2015

**PT SEMPEC INDONESIA**  
**STATEMENT OF FINANCIAL POSITION**  
**As of March 31, 2015**  
**(Expressed in US Dollars, unless otherwise stated)**

	Notes	March 31	
		2015	2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	4	30,973	13,348
Accounts receivable, net of allowance for impairment of US\$286,663 (2014: US\$85,962)	5	9,388,824	4,727,507
Unbilled revenue	6	139,001	4,922,901
Loan to a related party	7	76	88
Prepaid tax	14a	786,262	1,127,780
Other current assets		-	5,037
<b>TOTAL CURRENT ASSETS</b>		<b>10,345,136</b>	<b>10,796,661</b>
<b>NON-CURRENT ASSETS</b>			
Fixed assets, net of accumulated depreciation of US\$188,112 (2014: US\$188,112)	10	-	-
Other non-current assets	9	-	192,271
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>192,271</b>
<b>TOTAL ASSETS</b>		<b>10,345,136</b>	<b>10,988,932</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	5,066,262	4,622,252
Accruals and provision	13	570,914	934,463
Taxes payable	14b	26,013	12,784
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,663,189</b>	<b>5,569,499</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for employee benefits		-	15,238
Interest in a joint venture	8	573,740	570,107
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>573,740</b>	<b>585,345</b>
<b>TOTAL LIABILITIES</b>		<b>6,236,929</b>	<b>6,154,844</b>
<b>EQUITY</b>			
Share capital			
Authorized, issued and fully paid-up (6,684,758 shares consist of 1,000,000 A series shares at par value of Rp2,106 or equivalent to US\$1 per share and 5,684,758 B series shares at par value of Rp8,940 or equivalent to US\$1 per share)	15	6,684,758	6,684,758
Accumulated deficit		(2,576,551)	(1,850,670)
<b>EQUITY, NET</b>		<b>4,108,207</b>	<b>4,834,088</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,345,136</b>	<b>10,988,932</b>

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

**PT SEMPEC INDONESIA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended March 31, 2015  
(Expressed in US Dollars, unless otherwise stated)

	Notes	Year ended March 31	
		2015	2014
<b>REVENUE</b>	16	-	3,271,821
<b>COST OF CONTRACTS</b>	16	(271,597)	(457,321)
<b>GROSS (LOSS)/INCOME</b>		<b>(271,597)</b>	<b>2,814,500</b>
Operating expenses	17	(250,860)	(130,131)
Foreign exchange loss, net		(171,717)	(282,240)
Miscellaneous, net		(31,740)	206,765
<b>(LOSS)/INCOME FROM OPERATIONS</b>		<b>(725,914)</b>	<b>2,608,894</b>
Finance income		33	100
<b>(LOSS)/INCOME BEFORE CORPORATE INCOME TAX EXPENSE</b>		<b>(725,881)</b>	<b>2,608,994</b>
<b>CORPORATE INCOME TAX EXPENSE</b>	14c	-	(150,187)
<b>(LOSS)/INCOME FOR THE YEAR</b>		<b>(725,881)</b>	<b>2,458,807</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b>(725,881)</b>	<b>2,458,807</b>

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

**PT SEMPEC INDONESIA**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended March 31, 2015**  
**(Expressed in US Dollars, unless otherwise stated)**

	Share Capital	Accumulated Deficit	Equity, net
<b>Balance as of March 31, 2013</b>	<b>6,684,758</b>	<b>(4,309,477)</b>	<b>2,375,281</b>
Total comprehensive income for 2014	-	2,458,807	2,458,807
<b>Balance as of March 31, 2014</b>	<b>6,684,758</b>	<b>(1,850,670)</b>	<b>4,834,088</b>
Total comprehensive loss for 2015	-	(725,881)	(725,881)
<b>Balance as of March 31, 2015</b>	<b>6,684,758</b>	<b>(2,576,551)</b>	<b>4,108,207</b>

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

**PT SEMPEC INDONESIA**  
**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2015  
(Expressed in US Dollars, unless otherwise stated)

	Notes	Year ended March 31	
		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
(Loss)/income before corporate income tax expense		(725,881)	2,608,994
Adjustments for:			
Interest income		(33)	(100)
Provision for impairment of accounts receivable		(179,302)	-
Provision for employee benefits		(15,238)	1,175
Unrealized foreign exchange loss on prepaid tax		290,988	190,697
Interest in a joint venture		3,633	(55,743)
		(625,833)	2,745,023
Changes in operating assets and liabilities:			
Accounts receivable		(4,482,015)	2,717,120
Unbilled revenue		4,783,900	(3,604,522)
Prepaid tax		50,542	(183,292)
Other current assets		5,037	1,879
Other non-current assets		192,271	28,193
Accounts payable		444,010	(1,527,063)
Accruals and provision		(363,549)	64,108
Taxes payable		13,229	(219,437)
Cash generated from operations		17,592	22,009
Corporate income tax paid		-	(33,478)
<b>Net cash provided by/(used in) operating activities</b>		<b>17,592</b>	<b>(11,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>			
Interest received		33	100
<b>Cash provided by investing activity</b>		<b>33</b>	<b>100</b>
<b>NET INCREASE/(DECREASE) IN CASH ON HAND AND IN BANKS</b>		<b>17,625</b>	<b>(11,369)</b>
<b>CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR</b>		<b>13,348</b>	<b>24,717</b>
<b>CASH ON HAND AND IN BANKS AT END OF YEAR</b>	4	<b>30,973</b>	<b>13,348</b>

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



**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**1. GENERAL**

PT Sempec Indonesia (the "Company") is a company domiciled in Indonesia, located at Wisma GKBI 17<sup>th</sup> Floor, Suite 1708, Jl. Jenderal Sudirman No. 28, Jakarta. The Company was established by deed No. 3 of Notary Public Sugiri Kadarisman, S.H., dated January 4, 1994. This deed was approved by the Minister of Justice under No. C2-4168.HT.01.01.TH'94 on March 5, 1994, registered at the South Jakarta Court of Justice under No. 459/A.PT/HKM/1994/PN.JAK.SEL on March 23, 1994, and published in Supplement No. 6966 to State Gazette No. 75 of September 20, 1994.

The Company was established in the framework of Foreign Investment Laws No. 1 of 1967 and No. 11 of 1970. Notification of Presidential Approval has been obtained from the Investment Coordinating Board ("BKPM") through its letter No. 244/I/PMA/1993 dated December 21, 1993.

The Articles of Association has been amended several times, the latest amendment was notarized through Notarial Deed No. 28 of Novita Puspitarini, S.H., dated June 26, 2014, concerning the change of the Company's Commissioner and Directors. This amendment has been notified to the Minister of Law and Human Rights and was accepted through his decision letter No. AHU-21010.40.22.2014 dated July 21, 2014.

In accordance with Article 3 of the Articles of Association, the Company operates in construction service.

The composition of the Commissioner and Board of Directors were as follows:

March 31, 2015

Commissioner	: Atul Kumar Jain
President Director	: Enny Widiarni
Director	: Manoj Soni Ibnu Ibrahimsjahrul

March 31, 2014:

President Commissioner	: Pawan Kumar Gupta
President Director	: Sanjay Goel
Director	: Manoj Soni

The Company, through its direct shareholder, Sembawang Engineers and Constructors Pte.Ltd., Singapore, is ultimately owned by Punj Lloyd Limited, India.

As of March 31, 2015, the Company had nil employee (2014: 2 employees) (unaudited).

These financial statements were completed and authorized for issuance by the Company's management on June 12, 2015.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants ("DSAK").

The financial statements have been prepared on the accrual basis using the historical cost concept, except for the statements of cash flows and certain accounts which are measured on the basis as described in the related accounting policies for those accounts.

The statements of cash flows present the receipts and payments of cash on hand and in banks classified into operating, investing and financing activities using the indirect method.

**b) Functional and foreign currency**

The Company maintains its accounting records in US Dollar, which is the functional and reporting currency of the Company.

Transactions involving currencies other than US Dollar are translated at the rates of exchange prevailing at the transaction dates. Monetary assets and liabilities denominated in other than US Dollar are translated into US Dollar at the statement of financial position dates using middle rates of exchange quoted by Bank Indonesia on those dates. The resulting net foreign exchange gains or losses are recognized in current year's statement of comprehensive income.

The exchange rates used as of March 31, 2015 and 2014 were as follows:

	<b>2015</b>	<b>2014</b>
US Dollar 1 to Rupiah	13,084.00	11,404.00
US Dollar 1 to Singapore Dollar	1.38	1.26

**c) Revenue recognition and cost of contracts**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized as income and expense using the percentage of completion method, measured by reference to the value of work performed relative to the total contract value. When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that can probably be recovered. Cost of contracts comprises actual costs incurred, including subcontractor costs, direct materials and overhead costs. An expected loss on the construction contract is recognized as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

**d) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and in banks and short term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Accounts receivable**

Accounts receivable, including amounts due from related parties are classified and accounted for as loans and receivables. Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if the impact of discounting is significant, less allowance for impairment. Further details are stated in Note 21.

**f) Unbilled revenue**

Work in progress plus estimated contract margin for which has been accepted by customers but has not been billed is recorded as unbilled revenue.

**g) Work in progress**

Accumulated costs that have been incurred during construction which have not been supported by a signed certificate of completion by the Company and the customer as indication of approval are recorded as work in progress.

**h) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of comprehensive income as incurred.

Fixed assets are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Motor vehicles	5
Office equipment	3 - 5
Furniture and fixtures	3 - 5

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

**i) Transactions with related parties**

The Company has transactions with related parties, as defined in the Statement of Financial Accounting Standards (PSAK) No. 7 (Revised 2010), "Related Party Disclosures".

The transactions are made based on terms agreed by the parties. All material transactions and balances with related parties are disclosed in Note 11 to the financial statements.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Corporate income tax**

Current income tax

The Company is subject to final income tax on construction services, which is computed based on a certain percentage of such revenue. Current tax expense on income not subject to final tax is provided based on the estimated taxable income for the year.

Amendments to taxation obligations are recorded when an assessment is received or, for assessment amounts appealed against by the Company, when: (1) the result of the appeal is determined, unless there is significant uncertainty as to the outcome of such appeal, in which event the impact of the amendment of tax obligations based on an assessment is recognized at the time of making such appeal, or (2) at the time based on knowledge of developments in similar cases involving matters appealed, based on rulings by the Tax Court or the Supreme Court, that a positive appeal outcome is adjudged to be significantly uncertain, in which event the impact of an amendment of tax obligations based on assessment amounts appealed is recognized.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statements of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statements of financial position date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**k) Interest in joint venture**

Interest in Joint Venture is accounted for using the equity method of accounting whereby an interest in a Joint Venture initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets of the Joint Venture. The Company's share of the current year's results of operations of the Joint Venture is reflected in the Company's current year's statement of comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l) Financial instruments**

**i. Financial assets**

*Initial recognition*

Financial assets within the scope of PSAK No. 55 (Revised 2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognized initially, they are measured at fair value, and in the case of financial assets not at fair value through profit or loss, plus directly attributable transaction costs.

The Company's financial assets include cash on hand and in banks, account receivable, unbilled revenue, loan to a related party, other current assets and other non-current assets which are classified as loans and receivables.

*Subsequent measurement*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, PSAK No. 55 (Revised 2011) requires such assets to be carried at amortized cost using the effective interest (EIR) method, and the related gains or losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

An allowance is made for uncollectible amounts when there is an objective evidence that the Company will not be able to collect the receivables. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are disclosed in the relevant succeeding paragraphs under this Note.

*Derecognition*

The Company derecognizes a financial asset if, and only if, the contractual rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i) Financial instruments (continued)**

**ii. Financial liabilities**

Initial recognition

Financial liabilities within the scope of the PSAK No. 55 (Revised 2011) are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accruals and provision which are classified as loans and borrowings.

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for derivatives, which are measured at fair value, unless the effect of discounting would be immaterial, in which case they are stated at cost.

For financial liabilities other than derivatives, gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized and through the amortization process. Any gains or losses arising from changes in fair value of derivatives are recognized in the statements of comprehensive income. Net gains or losses on derivatives include exchange differences.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

**iii. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount are reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**iv. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price or ask price), without any deduction for transaction costs.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m) Provision**

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**n) Provision for employee benefits**

The Company recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("the Law"), based on management's estimate of such liability.

**o) Impairment of non-financial assets**

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when 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 the asset's or its Cash Generating Unit's ("CGU") 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statements of comprehensive income as "Impairment Losses". In assessing the value in use, the estimated net 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 no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets by the Company. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statements of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**PT SEMPEC INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of March 31, 2015 and for the year then ended**  
**(Expressed in US Dollars, unless otherwise stated)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**p) New and revised accounting standards that have been published but not yet effective**

The following is published accounting standards by the Indonesian Financial Accounting Standards Board ("DSAK") that is considered relevant to the financial reporting of the Company but not yet effective for 2015 financial statements as follows:

- 1) PSAK No. 1 (Revised 2013): "Presentation of Financial Statements", adopted from IAS 1.
- 2) PSAK No. 24 (Revised 2013): "Employee Benefits", adopted from IAS 19.
- 3) PSAK No. 46 (Revised 2014): "Income Taxes", adopted from IAS 12.
- 4) PSAK No. 48 (Revised 2014): "Impairment of Assets", adopted from IAS 36.
- 5) PSAK No. 50 (Revised 2014): "Financial Instruments: Presentation", adopted from IAS 32.
- 6) PSAK No. 55 (Revised 2014): "Financial Instruments: Recognition and Measurement", adopted from IAS 39.
- 7) PSAK No. 60 (Revised 2014): "Financial Instruments: Disclosures", adopted from IFRS 7.
- 8) PSAK No. 68: "Fair Value Measurement", adopted from IFRS 13.

The Company is presently evaluating and has not determined the effects of these new and revised PSAKs on the financial statements.

**3. SOURCE OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in conformity with Indonesian Financial Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable circumstances.

Judgments, estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are described below:

**Judgments**

Classification of financial assets and liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 21.

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenue and cost of rendering services. Based on the Company's management assessment, the Company's functional currency is the US Dollar.



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**3. SOURCE OF ESTIMATION UNCERTAINTY (continued)**

**Estimates and assumptions**

The allowance for impairment losses of receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer, quality of collateral received and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on trade receivables.

If the Company determines that no objective evidence of impairment exists for an individually assessed trade receivables, 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. The characteristics chosen are relevant to the estimation of future cash flows for groups of such trade receivables by being indicative of the customer's ability to pay all amounts due.

Future cash flows in a group of trade receivables that are collectively evaluated for impairment are estimated on the basis of historical loss experience for the trade receivables with credit risk characteristics similar to those in the group.

Construction contracts

Construction revenue is recognized by reference to the stage of completion of the construction activity at the statements of financial position date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to surveys of works and estimates performed by project engineer. The management is required to make judgment and estimates based on the best available facts and circumstances based on past experience and information obtained from the project engineer on the estimated costs to completion.

Depreciation of fixed assets

Management determines the estimated useful lives and depreciation method of fixed assets. Depreciation is calculated based on the various components of the cost of fixed assets less the residual value. The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 3 to 5 years. These are common life expectancies applied in the industries where the Company conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. Further details are disclosed in Note 2h.

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**4. CASH ON HAND AND IN BANKS**

	2015	2014
<b>Cash on hand:</b>		
Rupiah	930	1,286
	<u>930</u>	<u>1,286</u>
<b>Cash in banks:</b>		
Rupiah accounts	22,924	4,380
US Dollar accounts	4,142	4,407
Singapore Dollar account	2,977	3,275
	<u>30,043</u>	<u>12,062</u>
	<b><u>30,973</u></b>	<b><u>13,348</u></b>

**5. ACCOUNTS RECEIVABLE**

	2015	2014
<b>Contract billings and retention receivables, net:</b>		
Third parties	286,663	152,296
Less: allowance for impairment	(286,663)	(85,962)
	<u>-</u>	<u>66,334</u>
Related parties (Note 11a)	6,201,316	1,221,930
	<b><u>6,201,316</u></b>	<b><u>1,288,264</u></b>
<b>Other receivables:</b>		
Related parties (Note 11b)	3,187,508	3,439,243
	<b><u>9,388,824</u></b>	<b><u>4,727,507</u></b>

Management believes that the allowance for impairment is adequate to cover possible losses on uncollectible accounts.

**6. UNBILLED REVENUE**

	2015	2014
Costs incurred on incomplete contracts	3,222,509	2,950,912
Add: Estimated contract margin	367,491	639,088
	<u>3,590,000</u>	<u>3,590,000</u>
Less: Work in progress	-	-
Revenue to date	3,590,000	3,590,000
Billing for profit sharing Sumpal project	-	3,973,264
Less: Progress billings to date	(3,450,999)	(2,640,363)
	<b><u>139,001</u></b>	<b><u>4,922,901</u></b>

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**7. LOAN TO A RELATED PARTY**

	<b>2015</b>	<b>2014</b>
PT Andalan Sukses Sejahtera (Note 11c)	<b>76</b>	<b>88</b>

Loan receivable provided to PT Andalan Sukses Sejahtera, a shareholder, represents an unsecured working capital loan amounting to Rp1,000,000 (full amount). The loan is non-interest bearing and according to the loan agreement dated December 12, 2008, is repayable upon demand by the Company.

**8. INTEREST IN A JOINT VENTURE**

	<b>2015</b>	<b>2014</b>
Interest in a joint venture	<b>(573,740)</b>	<b>(570,107)</b>

This account represents the Company's interest in Punj Lloyd Group Joint Venture.

Punj Lloyd Group Joint Venture ("the Joint Venture") was formed under the Joint Venture Agreement dated December 24, 2009. The venturers comprise of the Company, Punj Lloyd Limited and PT Punj Lloyd Indonesia. The objective of the Joint Venture is to render design and construction services of Platform Compression Facilities Project for PTT Public Company Limited under construction agreement dated April 29, 2010 with the total project value of approximately US\$101.77 million and Baht 735.06 million.

On April 1, 2010, the venturers amended the Joint Venture Agreement with respect to the performance of contract between PTT Public Company Limited and Punj Lloyd Group Joint Venture for Platform Compression Facilities Project at Thailand.

All benefits and liabilities of any nature whatsoever arising out of performance of contract between PTT Public Company Limited and Punj Lloyd Group Joint Venture for Platform Compression Facilities Project at Thailand will be distributed in following proportions:

- Punj Lloyd Limited	75%
- PT Punj Lloyd Indonesia	20%
- The Company	5%

The Company's shares in the Joint Venture were detailed as follows:

	<b>2015</b>	<b>2014</b>
Current assets	3,374,910	3,358,140
Non-current assets	761	2,598
Current liabilities	(3,949,411)	(3,930,845)
	<b>(573,740)</b>	<b>(570,107)</b>
Revenue	30,808	513,589
Expenses	(35,492)	(520,345)
	<b>(4,684)</b>	<b>(6,756)</b>

The joint venture made no profit distribution during 2015 and 2014.

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**9. OTHER NON-CURRENT ASSETS**

	2015	2014
Contract billings - non current portion	-	152,982
Security deposit and membership	-	39,289
	-	<b>192,271</b>

**10. FIXED ASSETS**

	Beginning Balance	Additions	Disposal	Ending Balance
<b>March 31, 2015</b>				
<b><u>Cost:</u></b>				
Motor vehicles	15,954	-	-	15,954
Office equipment	115,044	-	-	115,044
Furniture and fixtures	57,114	-	-	57,144
	188,112	-	-	188,112
<b><u>Accumulated depreciation:</u></b>				
Motor vehicles	15,954	-	-	15,954
Office equipment	115,044	-	-	115,044
Furniture and fixtures	57,114	-	-	57,114
	188,112	-	-	188,112
<b>Net Book Value</b>	-			-

	Beginning Balance	Additions	Disposal	Ending Balance
<b>March 31, 2014</b>				
<b><u>Cost:</u></b>				
Motor vehicles	15,954	-	-	15,954
Office equipment	115,044	-	-	115,044
Furniture and fixtures	57,114	-	-	57,114
	188,112	-	-	188,112
<b><u>Accumulated depreciation:</u></b>				
Motor vehicles	15,954	-	-	15,954
Office equipment	115,044	-	-	115,044
Furniture and fixtures	57,114	-	-	57,114
	188,112	-	-	188,112
<b>Net Book Value</b>	-			-

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**11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The Company enters into transactions with related parties which are conducted on terms and conditions agreed between the parties.

**a. Contract billings and retention receivables, net (Note 5)**

	<u>2015</u>	<u>2014</u>
PT Punj Lloyd Indonesia	5,918,431	939,045
Punj Lloyd Group Joint Venture	282,885	282,885
<b>Total</b>	<b><u>6,201,316</u></b>	<b><u>1,221,930</u></b>

Receivables from PT Punj Lloyd Indonesia represent receivables in relation with the sub contracting work and profit sharing for the Sumpal Project, and receivables from Punj Lloyd Group Joint Venture represent receivables in relation with the overseas sub contracting work for the PTT Thailand Project.

**b. Other receivables from related parties (Note 5)**

	<u>2015</u>	<u>2014</u>
PT Punj Lloyd Indonesia	3,133,884	3,385,295
Sembawang Engineers & Constructors Pte. Ltd., - representative office	33,997	34,321
Punj Lloyd Group Joint Venture	19,627	19,627
<b>Total</b>	<b><u>3,187,508</u></b>	<b><u>3,439,243</u></b>

Other receivable from PT Punj Lloyd Indonesia represents payments made by the Company on behalf of PT Punj Lloyd Indonesia for PHE STC 558 and PHE STC 559 Projects.

**c. Loan to a related party (Note 7)**

	<u>2015</u>	<u>2014</u>
PT Andalan Sukses Sejahtera	<u>76</u>	<u>88</u>

**d. Payables to related parties (Note 12)**

	<u>2015</u>	<u>2014</u>
Sembawang Engineers & Constructors Pte. Ltd., - Singapore	3,720,250	3,721,190
Punj Lloyd Limited, India	24,837	23,972
Punj Lloyd Pte.Ltd., Singapore	23,315	23,315
<b>Total</b>	<b><u>3,768,402</u></b>	<b><u>3,768,477</u></b>

Payables to Sembawang Engineers & Constructors Pte.Ltd., mainly represent payment of project expenses made on behalf of the Company. The payables are non-interest bearing, with no collateral or terms of repayment.

On March 31, 2013, the Company entered into a License Agreement with Punj Lloyd Limited, India ("PLL India"). Under this agreement, PLL India grants to the Company the right to use the Trademarks in connection with the Group's business operations. The Company has to pay a royalty fee amounting to 1.5% from total revenues. The agreement was effective on April 1, 2012 and will expire in 5 years since the effective date and can be renewed.

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**11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

**e. Revenue and other income**

	<u>2015</u>	<u>2014</u>
PT Punj Lloyd Indonesia - subcontract engineering services and profit sharing for Sumpal Project	-	3,523,835

**f. Purchase and other expenses**

	<u>2015</u>	<u>2014</u>
Punj Lloyd Limited India - royalty	-	75,025

**g. Compensation of key management personnel:**

For the years ended March 31, 2015 and 2014 total remuneration and other benefits given to key management personnel is amounted to US\$Nil.

The nature of transactions and relationships with related parties, are as follows:

<u>Relationships</u>	<u>Related Parties</u>	<u>Transactions</u>
Ultimate parent entity	Punj Lloyd Limited, India	Royalty and reimbursement of expenses
Shareholders	PT Andalan Sukses Sejahtera	Loan receivables
	Sembawang Engineers & Constructors Pte. Ltd., Singapore	Reimbursement of expenses
Other related parties	PT Punj Lloyd Indonesia	Subcontract engineering services and profit sharing related to Sumpal Project, reimbursement of expenses
	Punj Lloyd Pte.Ltd., Singapore	Reimbursement of expenses
	Sembawang Engineers & Constructors Pte.Ltd., representative office	Reimbursement of expenses
Joint venture	Punj Lloyd Group Joint Venture	Overseas subcontracting work, reimbursement of expenses

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**12. ACCOUNTS PAYABLE**

	<b>2015</b>	<b>2014</b>
Third parties	1,231,089	783,118
Related parties (Note 11d)	3,768,402	3,768,477
Other payables	66,771	70,657
	<b>5,066,262</b>	<b>4,622,252</b>

**13. ACCRUALS AND PROVISION**

	<b>2015</b>	<b>2014</b>
Accrued project costs	-	349,799
Other accrued expenses	570,914	584,664
	<b>570,914</b>	<b>934,463</b>

Other accrued expenses mainly represents accrual for legal, professional fees and wages.

**14. TAXATION**

**a. Prepaid tax**

	<b>2015</b>	<b>2014</b>
Value Added Tax ("VAT")	<b>786,262</b>	<b>1,127,780</b>

**b. Taxes payable**

	<b>2015</b>	<b>2014</b>
Income tax - Article 21	24,236	5,550
Income tax - Articles 23 and 26	1,777	7,234
	<b>26,013</b>	<b>12,784</b>

**c. Corporate income tax expense**

Income tax attributable to income from operations for the years ended March 31, 2015 and 2014 are detailed as follows:

	<b>2015</b>	<b>2014</b>
Income tax on income subject to final tax	-	<b>150,187</b>

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**14. TAXATION (continued)**

**d. Others**

Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self assessment. The Directorate General of Taxes ("DGT") may assess or amend taxes for tax years prior to 2008 within ten years from the date the tax became due, or until the end of year 2013, whichever is earlier. Based on taxation laws which are applicable starting in year 2008, the DGT may assess or amend taxes within five years from the date the tax becomes due for tax years after 2007.

Effective August 1, 2008, income tax on companies undertaking construction services is subjected to a final tax at a rate of 3% on gross revenue in accordance with the Government Regulations No. 40/2009 and No. 51/2008. Any balance of tax losses carried forward may only be utilized to compensate taxable income until 2008 fiscal year. For the years ended March 31, 2015 and 2014, the Company did not recognize deferred income tax due to there is no temporary differences between commercial and fiscal reporting purposes.

**15. SHARE CAPITAL**

The Company's authorized, issued and fully paid-up capital and compositions by the shareholders as of March 31, 2015 and 2014 are as follows:

Shareholders	Number of Shares	Amount	%
<b>A Series Shares</b>			
Sembawang Engineers and Constructors Pte. Ltd., Singapore	800,000	800,000	80
PT Andalan Sukses Sejahtera	200,000	200,000	20
	1,000,000	1,000,000	100
<b>B Series Shares</b>			
Sembawang Engineers and Constructors Pte. Ltd., Singapore	2,475,531	2,475,531	44
PT Andalan Sukses Sejahtera	3,209,227	3,209,227	56
	5,684,758	5,684,758	100
<b>Total</b>	<b>6,684,758</b>	<b>6,684,758</b>	<b>100</b>

**16. REVENUE AND COST OF CONTRACTS**

	2015		2014	
	Contract revenues	Cost of contracts	Contract revenues	Cost of contracts
<b>PROJECTS:</b>				
Sumpal	-	271,597	3,109,997	457,321
KE-40	-	-	161,824	-
	-	271,597	3,271,821	457,321
	-	271,597	3,271,821	457,321



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**16. REVENUE AND COST OF CONTRACTS (continued)**

In 2011, the Company has formed a consortium with its related parties, PT Punj Lloyd Indonesia (“PTPLI”) and Punj Lloyd Limited, India (“PLL India”). The consortium has entered an Engineering, Procurement and Construction Contracts with ConocoPhillips Grissik (Ltd.), (“Sumpal Project”) with a total lump sum amounting to US\$59,449,550. PTPLI has subcontracted the engineering portion to the Company, through a subcontract agreement amounting to US\$2,780,000. As of March 31, 2015 an amount of US\$3,679,595 (including VAT) is still outstanding from PTPLI. For the year ended March 31, 2015, the Company has recognized loss on margin from this contract of US\$271,597.

On April 1, 2013, the Company entered into a Profit Sharing Agreement with PTPLI and PLL India, which stated that, starting in financial year 2013-2014, the parties will share the profit and loss resulting from the execution of the project with the following percentage:

- a. PT PLI - 75%
- b. The Company - 25%
- c. PLL India - nil

The total gross income from Sumpal Project during April 2013 - March 2014 is amounting to US\$10,610,701, which has been distributed to PTPLI and the Company amounting to US\$7,958,026 and US\$2,652,676, respectively. During April 2014 - 2015 there are no profit distribution from this Project.

**17. OPERATING EXPENSES**

	2015	2014
Provision for impairment of receivables	179,302	-
Professional fees	65,612	68,877
Tax expense	-	38,242
Employees’ compensation	-	1,175
Miscellaneous	5,946	21,837
Total	<b>250,860</b>	<b>130,131</b>

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company has various financial assets and liabilities such as cash on hand and in banks, accounts receivable, unbilled revenue, loan to a related party, other non-current assets, accounts payable and accruals and provision.

It is, and has been throughout the year under review, the Company’s policy not to enter any derivatives transactions.

The main risks arising from the Company’s financial instruments are market risk, credit risk and liquidity risk. The Company’s management oversees the risk management of these risks. Managing these risks is part of the Company’s risk management process. The Directors review and agree policies for managing each of these risks which are summarized below.

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**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The relevant market prices faced by the Company is foreign currency risk. Financial instruments affected by market risk include cash on hand and in banks, accounts receivable, loan to a related party, other current assets, other non-current assets, accounts payable and accruals and provision.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis.

At March 31, 2015, based on sensible simulation, had the exchange rate of Indonesian Rupiah and Singapore Dollar against US Dollar depreciated/appreciated by 10% with all other variables held constant, loss before corporate income tax for the year ended March 31, 2015 would have been US\$3,610 higher/US\$4,413 lower, as a result of foreign exchange loss/gain on translation.

**b. Credit risk**

Credit risk represents the Company's exposure to potential loss deriving from non-performance of counterparties. Credit risk arising in the normal course of operations is monitored by the project team and the Contracts Department on the basis of periodic reporting. The Company did not have any significant cases of non performance by counterparties. The Company has obtained a letter of financial support dated April 21, 2015, from Punj Lloyd Limited India ("PLL India"), the ultimate shareholder, as a guarantee of the Company's going concern. In the letter, PLL India also guaranteed the Company's receivables from its related parties from any losses, for the next 12 months from the statement of financial position date. The maximum exposure is equal to the carrying amounts as disclosed in Note 19.

**c. Liquidity risk**

In the management of liquidity risk, the Company monitors and maintains a level of cash on hand and in banks deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. The Company also regularly evaluates the projected and actual cash flows and continuously assesses conditions in the financial markets to maintain flexibility in funding. The Company manages its liquidity profile to be able to finance the Company's operations and its construction project. The standards and procedures in force in the Company comply in terms of project risk management with principal international risk management regulations and standards. The Company has obtained a letter of financial support dated April 21, 2015, from PLL India, the ultimate shareholder, as a guarantee of the Company's going concern. In the letter, PLL India also guaranteed the Company's payables to its related parties from obligations, for the next 12 months from the statement of financial position date.

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**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**c. Liquidity risk (continued)**

The table below summarizes the maturity profile of the Company's financial liabilities at the statement of financial position date as of March 31, 2015 based on contractual payments.

	1 year or less	More than 1 year to less than 2 year	More than 2 year	Total
<b>Financial liabilities</b>				
Accounts payable	5,066,262	-	-	5,066,262
Accruals and provision	570,914	-	-	570,914
	<b>5,637,176</b>	<b>-</b>	<b>-</b>	<b>5,637,176</b>

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2015 that are carried in the financial statements:

	Carrying Amount	Fair Value
<b>FINANCIAL ASSETS</b>		
Cash on hand and in banks	30,973	30,973
Accounts receivable, net	9,388,824	9,388,824
Unbilled revenue	139,001	139,001
Loan to a related party	76	76
Other current assets	-	-
	<b>9,558,874</b>	<b>9,558,874</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable	5,066,262	5,066,262
Accruals and provision	570,914	570,914
	<b>5,637,176</b>	<b>5,637,176</b>

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of cash on hand and in banks, accounts receivable, unbilled revenue, loan to a related party, other current assets, accounts payable and accruals and provision are based on their nominal amounts, reasonably approximate their fair values because these are mostly short-term in nature.

**20. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2015 and 2014.