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PUNJ LLOYD ENGINEERS
AND CONSTRUCTORS PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTOR'S STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	8 Shenton Way, #50-01 AXA Tower Singapore 068811
DIRECTOR	Atul Punj Jayarama Prasad Chalasani *(Resigned on 31 March 2016)*
COMPANY SECRETARY	Tay Yew Beng Peter
INDEPENDENT AUDITOR	J. TAN & CO. *Public Accountants and Chartered Accountants*

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The director present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2016.

1 OPINION OF THE DIRECTOR

In the opinion of the director,

(a) the financial statements set out on pages 4 to 21 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 DIRECTOR

The director of the Company in office at the date of this statement is as follows:

Atul Punj
Jayarama Prasad Chalasani *(Resigned on 31 March 2016)*

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at anytime during the financial year was the Company a party to any arrangement whose object is to enable the director of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except for the following disclosures of director's interests in shares or debentures.

4 DIRECTOR'S INTEREST IN SHARES OR DEBENTURES

According to the register of director's shareholdings, the director holding office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, except as follows:

	Ordinary shares			
	Shareholdings registered in the names of the director or nominee		Shareholdings in which a director is deemed to have an interest	
	At end of year	At beginning of year	At end of year	At beginning of year
Punj Lloyd Limited (Ultimate Holding Company)				
(Ordinary shares of Rps 2 each)				
Atul Punj	1,431,360	1,431,360	97,839,775	97,839,775

5 SHARE OPTIONS

No options to take up unissued shares of the Company was granted during the financial year.

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares. There were no unissued shares of the Company under option as at the end of the financial year.

6 INDEPENDENT AUDITOR

The independent auditor, **J. TAN & CO.**, ***Public Accountants and Chartered Accountants*** has expressed its willingness to accept appointment.

The Sole Director

Atul Punj
Director

Singapore 07 JUN 2016

陳占士會計公司
特許會計師
J. TAN & CO.
Public Accountants and Chartered Accountants
UEN No.: S95PF0596A
chartered accountant SINGAPORE

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Engineers and Constructors Pte. Ltd.

for the financial year ended 31 March 2016

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Punj Lloyd Engineers and Constructors Pte. Ltd.** (the "Company") set out on pages 4 to 21 for the financial year ended 31 March 2016, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that the assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statement of financial position and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Other matters

The financial statements of the Company for the financial year ended 31 March 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 27 August 2015.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

J. TAN & CO.
Public Accountants and Chartered Accountants

Singapore, 07 JUN 2016

195 PEARL'S HILL TERRACE, #03-14, SINGAPORE 168976
6339-1700 6334-8090 audit@jtaudit.com.sg

STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	Note	2016	2015
		$	$
ASSETS			
Non-current assets			
Investment in subsidiary	4	-	-
Total assets		-	-
LIABILITIES			
Current liabilities			
Accruals and other payables	5	**1,750**	9,000
Amount due to related companies	6	**8,913,127**	8,830,566
Total liabilities		**8,914,877**	8,839,566
Net liabilities		**(8,914,877)**	(8,839,566)
EQUITY			
Share capital	7	**2**	2
Accumulated losses		**(8,914,879)**	(8,839,568)
Total equity		**(8,914,877)**	(8,839,566)

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2016

	Note	2016	2015
		$	$
Administrative expenses		**(75,310)**	(359,622)
Loss before income tax	**8**	**(75,310)**	(359,622)
Income tax expense	**9**	**-**	-
Loss for the year		**(75,310)**	(359,622)
<u>**Other comprehensive income**</u>			
Foreign currency translation arising from translation of financial statements of foreign operations		**-**	(289,149)
Total comprehensive loss		**(75,310)**	(648,771)
(Representing Total Comprehensive Income for the year)			

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2016

	Share capital	Accumulated losses	Foreign currency translation reserve	Total
	$	$	$	$
As at 1 April 2014	**2**	**(8,479,947)**	**289,149**	**(8,190,796)**
Loss for the year	-	(359,622)	(289,149)	(648,771)
(Representing Total Comprehensive Income for the year)				
As at 31 March 2015	**2**	**(8,839,569)**	**-**	**(8,839,567)**
Loss for the year	-	(75,310)	-	(75,310)
(Representing Total Comprehensive Income for the year)				
As at 31 March 2016	**2**	**(8,914,879)**	**-**	**(8,914,877)**

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2016

	Note	2016	2015
		$	$
Cash flows from operating activities			
Loss before income tax	8	**(75,310)**	(359,622)
Adjustments for:			
Effect of changes in foreign exchange		-	(289,149)
Utilisation for end of service benefits, net		-	(9,364)
Depreciation of plant and equipment		-	820
Operating cash flows before working capital changes		**(75,310)**	(657,315)
Change in operating assets and liabilities			
Changes in other receivables		-	21,011
Changes in amount due to related companies		**82,560**	770,184
Changes in accruals and other payables		**(7,250)**	(162,844)
		75,310	628,351
Net cash used in operating activities		-	(28,964)
Net decrease in cash and cash equivalents during the year		-	(28,964)
Exchange differences			10
Cash and cash equivalents at beginning of year		-	28,954
Cash and cash equivalents at end of year		-	-

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company") (UEN: 200615939G) is incorporated and domiciled in the Republic of Singapore. The registered office and principal place of business of the Company is located at 8 Shenton Way, #50-01, AXA Tower, Singapore 068811.

The principal activities of the Company are those relating to building construction. The principal activities of the subsidiary is disclosed in Note 4 to the financial statements.

The immediate and ultimate holding companies are Punj Lloyd Pte. Ltd. ("PLPL"), a company incorporated in Singapore, and Punj Lloyd Limited ("PLL"), a company incorporated in India, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) which are stated at cost, are assumed to approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

At the beginning of the current financial year, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

Adoption of new and revised standards

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

At the end of the reporting period, there are mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2016 or later periods and which the Company has not early adopted.

The future adoption of new or revised accounting Standards and Interpretations are not expected to have a material effect on the financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
Improvement to FRS (January 2015)	
Amendments to FRS113: Fair value Measurement	1 July 2015
Amendments to FRS16: Property, Plant and Equipment	1 July 2015
Improvements to FRSs (November 2014)	
Amendments to FRS 107 Financial Instruments: Disclosures	1 Jan 2016
Amendment to FRS 19 Employee Benefits	1 Jan 2016
Amendments to FRS 1 Disclosure initiative	1 Jan 2016
Amendments to FRS 16 and FRS 38: Classification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016

The Company's management expect that the adoption of the standards and interpretations above that are relevant to the Company will have no material impact on the financial statements in the period of initial application.

Exemption from preparing consolidated financial statements

These financial statements is the separate financial statements of Punj Lloyd Engineers & Constructors Pte. Ltd.. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Punj Lloyd Limited, a India-incorporated company which produces consolidated financial statements available for public use. The registered office of Punj Lloyd Limited, from where those consolidated financial statements can be obtained, is as follows: Group Headquarters, 78 Institutional Area, Sector 32, Gurgaon 122 001, India.

Assumption

Based on the current business plans and availability of working capital as necessary to enable the Company to continue in operational existence for the foreseeable future and at least for a period of 12 months from the balance sheet date, the Company has prepared the financial statement on a going concern basis notwithstanding the excess of total liabilities over the total assets of $8,914,876 (2015: net liabilities over total assets of $8,839,566).

2.2 Investments in subsidiaries

Investments in subsidiaries are carried at cost, less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.3 Impairment of non-financial assets

Investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Impairment of non-financial assets (Continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statement of comprehensive income, a reversal of that impairment is also recognised in the statement of comprehensive income.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial positions when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5 Financial liabilities

Financial liabilities include trade payables, other amounts payable, and interest-bearing loans and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. Trade and other payables are usually on 30 - 60 days terms.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculate as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Income taxes (Continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.9 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The Company on its own or in reliance on third party experts, applies estimates, assumptions and judgements in the following areas:

(i) the determination of the fair values of current financial assets and liabilities; and
(ii) the assessment of adequacy of provision for income taxes.

4 INVESTMENT IN SUBSIDIARY

	2016	2015
	$	$
Unquoted equity investment at cost:		
At beginning of financial year	-	1,013
Impairment loss	-	(1,013)
At end of financial year	-	-

Details of the subsidiary held are as follows:

Name of subsidiary Country of incorporation	Principal activity Place of business	Percentage of equity held by the Company 2016	2015
		%	%
Held by Company			
Punj Lloyd Engineers and Constructors (Zambia) Limited Zambia [See appended note (a) below]	Road construction and related activities Zambia	**100**	100

(a) Audited by BDO Chartered Accountants & Advisors (Abu Dhabi)

5 ACCRUALS AND OTHER PAYABLES

	2016	2015
	$	$
Other payables:		
Accrued operating expenses	**1,750**	9,000
	1,750	9,000

At the end of reporting period, the carrying amounts of accruals and other payables approximate their fair value.

Accruals and other payables were denominated in Singapore Dollar.

6 AMOUNT DUE TO RELATED COMPANIES

	2016	2015
	$	$
Amount due to holding company (Note 10)	**113,866**	105,841
Amount due to related companies (Note 10)	**8,799,260**	8,724,725
	8,913,126	8,830,566

At the end of reporting period, the carrying amounts of amount due to related companies approximate their fair value.

The amounts due to related companies are unsecured, interest-free and repayable upon demand.

Amount due to related parties were denominated in the following currencies:

	2016	2015
	$	$
Singapore Dollar	**113,866**	105,841
United States Dollar	**1,809**	-
United Arab Emirates Dirham	**8,797,451**	8,724,725
	8,913,126	8,830,566

7 SHARE CAPITAL

	2016		2015	
	No. of shares	Amount of shares	No. of shares	Amount of shares
Ordinary shares with no par value Issued and fully paid		$		$
At beginning and end of financial year	**2**	**2**	2	2

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

All ordinary shares carry one vote per share without restrictions.

8 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2016	2015
	$	$
Foreign exchange loss	**72,694**	327,488
Professional expenses	**2,616**	17,378

9 INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2016 and 2015 were as follows:

	2016	2015
	$	$
Loss before income tax	**(75,310)**	(359,622)
Tax calculated at tax rate of 17% (2015: 17%)	**(12,803)**	(61,136)
Effects of:		
Expenses not deductible for tax purposes	**12,803**	61,136
Tax expense	-	-

10 RELATED PARTY TRANSACTIONS

Related parties consist of key management of the Company, subsidiaries of the Company and entities with common direct or indirect shareholder and/or director. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The inter-company balances are unsecured, interest free and repayable on demand unless otherwise stated.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest free and repayable on demand unless otherwise stated.

Related parties are entitles with common direct or indirect shareholders and/or director. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

10 RELATED PARTY TRANSACTIONS (Continued)

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:

   i) Has control or joint control over the Company;
   ii) Has significant influence over the Company; or
   iii) Is a member of the key management personnel of the Company or of parent of the Company.

b) An entity is related to the Company if any of the following conditions applies:

   i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
   iii) The entity is controlled or jointly controlled by a person identified as a related person;
   iv) A related person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
   vi) The entity is controlled or jointly controlled by a person identified in (a);
   vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

During the financial year, the Company entered into significant transactions with related parties in which certain director of the Company are also director and / or shareholder.

a) Amount due to related companies

As at 31 March 2016 and 2015, amount due to related parties amounted to was as follows:

	2016	2015
	$	**$**
Amount due to related companies (Note 6)		
Punj Lloyd Infrastructure Pte. Ltd.	**1,809**	-
Punj Lloyd Limited, Abu Dhabi	**8,796,343**	8,723,626
Punj Lloyd Limited, Dubai	**1,108**	1,099
	8,799,260	8,724,725

Amount due to holding company (Note 6)		
Punj Lloyd Pte. Ltd.	**113,866**	105,841

Outstanding balances at 31 March 2016 and 2015, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 6.

11 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Board of Director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counter-parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counter-parties' financial condition and generally do not require a collateral.

The maximum exposure to credit risk in the event that the counter-parties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The director are satisfied that funds are available to finance the operations of the Company.

11 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2016		2015	
	Less than 1 year	**Between 1 to 5 years**	Less than 1 year	Between 1 to 5 years
	$	**$**	$	$
Financial liabilities				
Accruals and other payables	**1,750**	-	9,000	-
Amount due to related companies	**8,913,126**	-	8,830,566	-
Total undiscounted financial liabilities	**8,914,876**	-	8,839,566	-
Total net undiscounted financial liabilities	**8,914,876**	-	8,839,566	-

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their loan to holding company, cash and cash equivalents and bank borrowings. The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

The sensitivity analysis for changes in interest rate is not disclosed as the effect on the statement of comprehensive income is considered not significant.

(ii) Foreign currency risk

The Company operate mainly in Singapore and are subjected to various currency exposures, primarily with respect to the United States Dollar, Singapore Dollar and United Arab Emirates Dirham. Currency risk arises from future commercial transactions, recognised assets and liabilities.

The Company are exposed to foreign currency risk on their foreign currencies denominated cash balances, trade receivables and trade payables. The currency giving rise to this risk is primarily United States Dollar, Singapore Dollar and United Arab Emirates Dirham. Exposure to foreign exchange risk is monitored on an ongoing basis by the Company to ensure that the net exposure is at an acceptable level. As far as possible, the Company have natural hedges of matching foreign currency inflows and outflows.

11 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

2016	USD	SGD	AED	TOTAL
Financial liabilities				
Accruals and other payables	-	1,750	-	1,750
Amount due to related companies	1,809	113,866	8,797,451	8,913,126
Total undiscounted financial liabilities	1,809	115,616	8,797,451	8,914,876
Net financial liabilities	1,809	115,616	8,797,451	8,914,876
2015				
Financial liabilities				
Accruals and other payables	-	9,000	-	9,000
Amount due to related companies	-	105,841	8,724,725	8,830,566
Total undiscounted financial liabilities	-	114,841	8,724,725	8,839,566
Net financial liabilities	-	114,841	8,724,725	8,839,566

Sensitivity analysis for foreign currency risk

If the foreign currencies change against the SGD by 10% (2015: 10%) and with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2016		2015	
	Increase / (Decrease)			
	Profit after tax	Equity	Profit after tax	Equity
	$	$	$	$
USD against SGD				
- strengthened	150	150	-	-
- weakened	(150)	(150)	-	-
AED against SGD				
- strengthened	730,188	730,188	724,152	724,152
- weakened	(730,188)	(730,188)	(724,152)	(724,152)

12 FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of financial assets and liabilities 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.

a) Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of current accruals and amount due to related companies based on their notional amounts, are reasonable approximation of fair value due to their short-term nature and normal trade credit terms.

13 CAPITAL MANAGEMENT

The capital structure of the Company consists of debt, which includes the borrowings, cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company's objectives when managing capital are

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

In order to maintain or achieve an optimal capital structure so as to maximise stakeholder value, the Company may make adjustments to the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company does not need to comply with any externally imposed capital requirements for the financial years ended 31 March 2016 and 2015. The Company's overall strategy to capital management remains unchanged from 2015. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

Disclosure on quantitative data about what the Company manages as capital, is based on information provided internally to key management personnel and is summarised as follows:

	2016	2015
	$	$
Accruals and other payables	**1,750**	9,000
Amount due to related companies	**8,913,126**	8,830,566
(Less): Cash and cash equivalents	**-**	-
Net debt	**8,914,876**	8,839,566
Total equity	**8,914,876**	8,839,566
Total adjusted capital	**8,914,876**	8,839,566
Gearing ratio	**1**	1

13 CAPITAL MANAGEMENT (Continued)

Consistently with others in the industry, the Company may monitor capital on the basis of the debt-to-adjusted capital ratio (gearing ratio). This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital and retained earnings), other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

14 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Director of Punj Lloyd Engineers and Constructors Pte. Ltd. on the same date as indicated on the director's statement.