Company Registration No. 200615939G

Punj Lloyd Engineers and Constructors Pte. Ltd. and its Subsidiary

Annual Financial Statements
31 March 2015

Punj Lloyd Engineers and Constructors Pte. Ltd. and its Subsidiary

General information

Director

Atul Punj
Jayarama Prasad Chalasani

Secretaries

Tay Yew Beng Peter
Teng Chai Ling

Registered Office

5 Maxwell Road #16-00
Tower Block, MND Complex
Singapore 069110

Auditor

Ernst & Young LLP

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The directors hereby present their report to the member together with the audited consolidated financial statements of Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company") and its subsidiary (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2015.

Director

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

Atul Punj
Jayarama Prasad Chalasani

Arrangements to enable director to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Director's interests in shares and debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year in shares or debentures in the Company and its related corporations were as follows:

	Direct interest		Deemed interest	
	At 1 April 2014	**At 31 March 2015**	**At 1 April 2014**	**At 31 March 2015**
Ultimate holding company				
Punj Lloyd Limited				
Ordinary shares of Rps 2 each				
Atul Punj	1,431,360	1,431,360	97,839,775	97,839,775

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Director's contractual benefits

Since the end of the previous financial period, no director of the Company has received or become entitled to receive a benefit (other than any emoluments received from a related corporation) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore

Statement by directors

We, Atul Punj and Jayarama Prasad Chalasani, being the directors of Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company"), do hereby state that, in our opinion:

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due as the ultimate holding company has agreed to provide continuing financial support to the Group and the Company.

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore

Independent auditors' report to the member of
Punj Lloyd Engineers and Constructors Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company") and its subsidiary (collectively the "Group") set out on pages 6 to 34, which comprise the balance sheets of the Group and the Company as at 31 March 2015, and the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

Independent auditors' report to the member of
Punj Lloyd Engineers and Constructors Pte. Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

Punj Lloyd Engineers and Constructors Pte. Ltd.

Consolidated statement of comprehensive income
For the financial year ended 31 March 2015

	Note	2015	2014
		$	$
Revenue	5	–	655,103
Cost of sales		–	(344,604)
Gross margin		–	310,499
Other Income		1,105	–
Depreciation	6	(820)	(11,429)
Administrative expenses		(364,475)	(221,696)
(Loss)/Profit before taxation	6	(364,190)	77,374
Taxation	7	–	–
(Loss)/Profit for the year		(364,190)	77,374
Other comprehensive loss:			
Foreign currency translation arising from translation of financial statements of foreign operations		(284,564)	(190,826)
Other comprehensive loss for the year, net of tax		(284,564)	(190,826)
Total comprehensive loss for the year		(648,754)	(113,452)

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

Punj Lloyd Engineers and Constructors Pte. Ltd.

Balance sheets
As at 31 March 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$	$	$	$
ASSETS					
Non-current assets					
Property, plant and equipment	8	–	832	–	832
Investment in subsidiary	9	–	–	–	–
		–	832	–	832
Current assets					
Trade and other receivables	10	–	21,011	–	21,011
Due from related parties		–	48,829	–	48,829
Cash and cash equivalents		14,159	43,866	–	28,954
		14,159	113,706	–	98,794
Total assets		14,159	114,538	–	99,626
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	11	12,429	172,340	9,000	171,844
Amounts due to related companies	12	8,890,721	8,173,072	8,830,566	8,109,213
		8,903,150	8,345,412	8,839,566	8,281,057
Net current liabilities		(8,888,991)	(8,231,706)	(8,839,566)	(8,182,263)
Non-current liability					
Provision for employees' end of service benefits	13	–	9,364	–	9,364
Net liabilities		(8,888,991)	(8,240,238)	(8,839,566)	(8,190,795)
Equity					
Share capital	14	2	2	2	2
Accumulated losses		(8,866,271)	(8,502,081)	(8,839,568)	(8,479,946)
Foreign currency translation reserve	15	(22,722)	261,841	–	289,149
Total equity		(8,888,991)	(8,240,238)	(8,839,566)	(8,190,795)
Total equity and liabilities		14,159	114,538	–	99,626

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

Punj Lloyd Engineers and Constructors Pte. Ltd.

Statements of changes in equity
For the financial year ended 31 March 2015

	Share capital	Accumulated losses	Foreign currency translation reserve	Total
	$	$	$	$
Group				
Balance at 1 April 2013	2	(8,579,455)	452,667	(8,126,786)
Profit for the year	–	77,374	–	77,374
Other comprehensive income				
Foreign currency translation arising from translation of financial statements of foreign operations	–	–	(190,826)	(190,826)
Total comprehensive income for the year	–	77,374	(190,826)	(113,452)
Balance at 31 March 2014	2	(8,502,081)	261,841	(8,240,238)
Loss for the year	–	(364,190)	–	(364,190)
Other comprehensive income				
Foreign currency translation arising from translation of financial statements of foreign operations	–	–	(284,564)	(284,564)
Total comprehensive income for the year	–	(364,190)	(284,564)	(641,254)
Balance at 31 March 2015	2	(8,866,271)	(22,722)	(8,888,991)
Company				
Balance at 1 April 2013	2	(8,579,418)	452,667	(8,126,749)
Profit for the year	–	99,472	–	99,472
Other comprehensive income				
Foreign currency translation arising from translation of financial statements of foreign operations	–	–	(163,518)	(163,518)
Total comprehensive income for the year	–	99,472	(163,518)	(64,046)
Balance at 31 March 2014	2	(8,479,946)	289,149	(8,190,795)
Loss for the year	–	(359,622)	–	(359,622)
Other comprehensive income				
Foreign currency translation arising from translation of financial statements of foreign operations	–	–	(289,149)	(289,149)
Total comprehensive income for the year	–	(359,622)	(289,149)	(648,754)
Balance at 31 March 2015	2	(8,839,568)	–	(8,839,566)

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

Punj Lloyd Engineers and Constructors Pte. Ltd.

Consolidated cash flow statement
For the financial year ended 31 March 2015

	Note	2015	2014
		$	$
Cash flows from operating activities			
(Loss)/Profit before taxation		(364,190)	77,374
Adjustments for:			
Depreciation	6	820	11,429
Utilisation for end of service benefits, net		(9,364)	(40,472)
Effect of changes in foreign exchange		(284,551)	(190,966)
Operating cash flows before changes in working capital		(657,285)	(142,635)
Decrease in trade and other receivables		21,011	627,454
Decrease in inventories		–	31,657
Decrease in trade and other payables		(159,911)	(164,638)
Increase/(Decrease) in balances with related companies		766,478	(322,286)
Net cash flows (used in)/generated from operating activities		(29,707)	172,187
Net (decrease)/increase in cash and cash equivalents		(29,707)	29,552
Cash and cash equivalents at beginning of financial year		43,866	14,314
Cash and cash equivalents at end of financial year		14,159	43,866

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

1. Corporate information

Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company") is a private limited company domiciled and incorporated in Singapore on 26 October 2006. 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.

The Company's registered office and principal place of business is at 5 Maxwell Road, #16-00, Tower Block, MND Complex, Singapore 069110.

The principal activities of the Company are those relating to building construction. The principal activity of the subsidiary is disclosed in Note 9 to the financial statements.

2. Going concern basis

The financial statements of the Group and Company have been prepared on a going concern basis because the ultimate holding company has agreed to continue financing the operations of the Group and Company and to provide adequate funds to the Group and Company to meet its liabilities as and when they fall due.

3. Summary of significant accounting policies

3.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which are stated at fair value.

The financial statements are presented in Singapore Dollars (SGD or $).

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial period, except as disclosed below.

3.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

3. Summary of significant accounting policies (cont'd)

3.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(e) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(f) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(c) Amendments to FRS 40 Investment Property	1 July 2014
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 16 Property, plant and equipment and FRS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
(d) Amendments to FRS 34 Interim Financial Reporting	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

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

3. Summary of significant accounting policies (cont'd)

3.4 *Foreign currency*

(a) *Functional currency*

The financial statements are presented in Singapore Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. The currency translation reserve is reclassified from equity to income statement on disposal of the foreign operation.

(c) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to income statement.

3. Summary of significant accounting policies (cont'd)

3.5 *Basis of consolidation*

(a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) *Principles of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. Summary of significant accounting policies (cont'd)

3.5 *Basis of consolidation (cont'd)*

(b) *Principles of consolidation (cont'd)*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

3. Summary of significant accounting policies (cont'd)

3.5 *Basis of consolidation (cont'd)*

(b) *Principles of consolidation (cont'd)*

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration were not recognised as part of goodwill.

(c) *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Office equipments	–	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised 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 is included in the profit or loss in the year the asset is derecognised.

3. Summary of significant accounting policies (cont'd)

3.7 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits.

Bank deposits carried in the balance sheets are classified and accounted for as loans and receivables udner FRS 39.

3.8 *Impairment of non-financial assets*

The Group assesses at each reporting date 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 Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit or loss. After such a reversal, the depreciation charge 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.

3. Summary of significant accounting policies (cont'd)

3.9 ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit or loss.

Regular way purchase or sale of a financial asset

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

3. Summary of significant accounting policies (cont'd)

3.10 ***Impairment of financial assets***

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired

Assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

3. Summary of significant accounting policies (cont'd)

3.11 ***Inventories***

(a) *Constructions contracts*

Construction work-in-progress are stated at cost plus attributable profits less recognised losses, allowances for foreseeable losses and net of progress claims, and are presented in the balance sheet as "construction work-in-progress" (as an asset) or "excess of progress claims over construction work-in-progress" (as a liability), as applicable. Construction costs include cost of direct materials, direct labour and costs incurred in connection with the construction. Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Progress claims not yet paid by the customer are included in the balance sheet under "trade receivables". Amounts received before the related work is performed are included in the balance sheet, as a liability, as "progress claims in excess of construction work-in-progress".

(b) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3. Summary of significant accounting policies (cont'd)

3.12 *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. Gain or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

3.13 *Employees' end of service benefits*

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3.14 *Operating leases*

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. Summary of significant accounting policies (cont'd)

3.15 ***Revenue recognition***

Contract revenue

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised 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 recognised only to the extent of contract costs incurred that can probably be recovered and contract costs are recognised as an expense in the year in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

3.16 ***Income taxes***

(a) *Current tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. Summary of significant accounting policies (cont'd)

3.16 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss.

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

3.17 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person’s family is related to the Group if that person:

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

3. Summary of significant accounting policies (cont'd)

3.17 *Related parties (cont'd)*

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (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).

4. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, 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.

Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

<u>Contract revenue</u>

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable and based on the percentage of completion method. The stage of completion is measured by reference to the value of work performed relative to the total contract value.

Significant judgment is required in determining the stage of completion, the estimated total revenue and estimated total contract cost, as well as the recoverability of the contract costs involved. Contract revenue may include an estimation of the variation works recoverable from the customers. In making the judgment, management relies on inter-alia, customers' instructions and value of work performed.

5. Revenue

	Group 2015 $	Group 2014 $
Construction revenue	–	655,103

6. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	Group 2015 $	Group 2014 $
Staff costs	–	94,858
Depreciation	820	11,429

7. Income tax expense

The reconciliation between income tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate for the years ended 31 March 2015 and 2014 was as follows:

	Group 2015 $	Group 2014 $
Profit/(loss) before taxation	(364,190)	77,374
Tax at statutory tax rate of 17%	(61,912)	13,154
Adjustments:		
Expenses not deductible	61,912	–
Income not subject to taxation	–	(13,154)
	–	–

8. Property, plant and equipment

	Office equipment $
Group and Company	
Cost:	
At 1 April 2013	45,687
Translation difference	937
At 31 March 2014	46,624
Disposal	(46,624)
At 31 March 2015	-
Accumulated depreciation:	
At 1 April 2013	33,566
Depreciation charge for the year	11,429
Translation difference	797
At 31 March 2014	45,792
Depreciation charge for the year	820
Disposal	(46,612)
At 31 March 2015	-
Net carrying amount:	
At 31 March 2015	–
At 31 March 2014	832

9. Investment in a subsidiary

	Company	
	2015	**2014**
	$	$
Unquoted equity shares, at cost	1,013	–
Less : Impairment loss	(1,013)	–
	–	–

Details of the subsidiary held are as follows:

Name of company (Country of incorporation)	Principal activity	Equity holding	
		2015	**2014**
		%	%
Punj Lloyd Engineers and Constructors (Zambia) Limited (Zambia)	Road Construction and related activities	100	100

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

10. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Other receivables	–	21,011	–	21,011
	–	21,011	–	21,011

Trade and other receivables are denominated in AED.

11. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Trade payable	3,429	152,477	–	151,981
Accrued operating expenses	9,000	19,863	9,000	19,863
	12,429	172,340	9,000	171,844

Trade and other payables denominated in AED amounted to $0 (2014: $162,344).

12. Amounts due to related companies

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Amount due to ultimate holding company - non-trade	8,784,880	8,075,256	8,724,725	8,011,397
Amounts due to immediate holding company - non trade	105,841	97,816	105,841	97,816
	8,890,721	8,173,072	8,830,566	8,109,213

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

Amount due to ultimate holding company is denominated in following currencies.

- USD	60,155	63,859	-	-
- AED	8,724,725	8,011,397	8,724,725	8,011,397

13. Provision for employees' end of service benefits

	Group and Company	
	2015	**2014**
	$	$
Balance as at 1 April 2014	9,364	49,836
Provided for	–	9,277
Utilisation	(9,364)	(49,836)
Translation difference	–	87
Balance as at 31 March 2015	–	9,364

Employees' end of service benefits relates to gratuity amount payable to employees in accordance with the local laws of UAE.

14. Share capital

	Group and Company	
	2015	**2014**
	$	$
Issued and fully paid:		
2 ordinary shares	2	2

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

15. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

16. Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions during the financial period and the effect of these transactions on terms agreed between the parties are reflected in the financial statements as follows:

	Group	
	2015	**2014**
	$	$
Immediate holding company		
Payments made on behalf by immediate holding company	8,025	8,025
Related companies		
Professional fees	–	344,604
Payment on behalf for investment in PLEC, Zambia	1,013	–

17. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group has risk management policies which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Group's policy guidelines are adhered to.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount as and when necessary. The Group does not require collateral in respect of financial assets.

At the end of the reporting period, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group is dependent on the ultimate holding company for financial support.

At the end of the reporting period, all the Group's financial assets and liabilities will mature in less than one year based on the carrying amount reflected in the financial statements.

Foreign currency risk

The United Arab Emirates branch undertakes certain transactions denominated in foreign currencies. The branch is mainly exposed to United State Dollars (USD). Since AED is pegged to the USD, the branch is not exposed to any significant exchange rate fluctuations.

18. Financial instruments

Fair values

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash on hand, other receivable, trade and other payable, amounts due to related companies are reasonable approximation of fair values due to their short-term nature.

Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements:

	Loans and receivables	Total
	$	$
Group		
2015		
Assets		
Cash and cash equivalents	14,159	14,159
	14,159	14,159

	Liabilities at amortised cost	Total
	$	$
Liabilities		
Trade and other payable	12,429	12,429
Amounts due to related companies	8,890,721	8,890,721
	8,903,150	8,903,150

19. Financial instruments (cont'd)

	Loans and receivables	**Non-financial assets**	**Total**
	$	$	$
Group			
2014			
Assets			
Plant and equipment	–	832	832
Trade and other receivable	21,011	–	21,011
Amount due from related companies	48,829	–	48,829
Cash and cash equivalents	43,866	–	43,866
	113,706	832	114,538

	Liabilities at amortised cost	**Non-financial liabilities**	**Total**
	$	$	$
Liabilities			
Trade and other payable	172,340	–	172,340
Amounts due to related companies	8,173,072	–	8,173,072
Provision for employees' end of service benefits	–	9,364	9364
	8,345,412	9,364	8,354,776

19. Financial instruments (cont'd)

Company	**Liabilities at amortised cost**	**Total**
2015	$	$
Liabilities		
Trade and other payable	9,000	9,000
Amounts due to related companies	8,830,566	8,830,566
	8,839,566	8,830566

19. Financial instruments (cont'd)

	Loans and receivables	Non-financial assets	Total
	$	$	$
Company			
2014			
Assets			
Plant and equipment	–	832	832
Trade and other receivable	21,011	–	21,011
Amount due from related companies	48,829	–	48,829
Cash and cash equivalents	28,954	–	28,954
	98,974	832	99,626

	Liabilities at amortised cost	Non-financial liabilities	Total
	$	$	$
Liabilities			
Trade and other payable	171,844	–	171,844
Amounts due to related companies	8,109,213	–	8,109,213
Provision for employees' end of service benefits	–	9,364	9,364
	8,281,057	9,364	8,290,421

19. Capital management

The primary objective of the Group's capital management is to ensure that an appropriate capital structure is maintained in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions and capital markets. To maintain or adjust the capital structure, the Group may adjust the capital distribution to shareholders, or effect long-term loans as and when appropriate. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2015 and 2014.

20. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the director on May 20, 2015.