

PUNJ LLOYD INFRASTRUCTURE PTE. LTD.
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT AND AUDITED
FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2018**



J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF
BUSINESS** 195 Pearl's Hill Terrace
#03-14
Singapore 168976

DIRECTORS Atul Punj
Ajay Khajanchi (Appointed on 21 April 2017)

COMPANY SECRETARY Tay Yew Beng Peter

INDEPENDENT AUDITOR J. TAN & CO.
Public Accountants and Chartered Accountants

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DIRECTORS' STATEMENT

for the financial year ended 31 March 2018

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2018.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements set out on pages 5 to 32 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.
- (c) the observation of the auditors have been fully explained in the notes to financial statements (Note 2.2).

2 DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Atul Punj

Ajay Khajanchi (Appointed on 21 April 2017)

3 ARRANGEMENTS TO ENABLE DIRECTORS 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 directors 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 directors' interests in shares or debentures.

4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had following interest in the shares or debentures of the Company or its related corporations:

	Ordinary shares			
	Shareholdings registered in the names of the director		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 (Holding Company) <i>(Ordinary shares of Rps 2 each)</i>				
Atul Punj	1,430,540	1,430,540	96,176,791	97,839,775

DIRECTORS' STATEMENT

for the financial year ended 31 March 2018

5 SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option 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 re-appointment.

On behalf of the directors,



Atul Punj
Director



Ajay Khajanchi
Director

Singapore, 28 APR 2018



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte. Ltd.

for the financial year ended 31 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Punj Lloyd Infrastructure Pte. Ltd.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of \$43,487,514 (2017: \$9,117,100) during the year ended 31 March 2018 and, as of that date, the Company's total liabilities exceeded its total assets by \$58,179,565 (2017: \$14,692,051). As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.



陳占士會計公司
特許會計師

J. TAN & CO.
Public Accountants and Chartered Accountants
UEN No.: S95PF0596A



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte. Ltd.

for the financial year ended 31 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 28 APR 2018

STATEMENT OF FINANCIAL POSITION*as at 31 March 2018*

	Note	2018 US\$	2017 US\$
ASSETS			
Current assets			
Cash and cash equivalents	4	46,631	71,613
Other receivables	5	-	1,431,036
Amount due from related parties	6	183,363	36,089,800
		229,994	37,592,449
Non-current assets			
Investment in subsidiaries	7	178,001,958	178,001,958
Investment in associated company	8	9,906,790	-
		187,908,748	178,001,958
Total assets		188,138,742	215,594,407
LIABILITIES			
Current liabilities			
Trade and other payables	9	5,000,289	3,325,883
Amount due to related parties	10	174,290,809	144,252,384
Bank borrowings and obligations	11	65,649,126	82,708,191
		244,940,224	230,286,458
Non-current liabilities			
Trade and other payables	9	1,378,083	-
Total liabilities		246,318,307	230,286,458
Net liabilities		(58,179,565)	(14,692,051)
EQUITY			
Share capital	12	595,217	595,217
Accumulated losses		(58,774,782)	(15,287,268)
Total equity		(58,179,565)	(14,692,051)

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

	Note	2018	2017
		US\$	US\$
REVENUE	13	14,028,675	13,232,289
Other gains and (losses) – net	14	(696,714)	(3,733,496)
Purchases and related cost		(14,025,144)	(13,203,729)
Finance expenses	15	(4,801,735)	(5,049,639)
Administrative expenses	16	(37,992,596)	(362,525)
Loss before income tax		(43,487,514)	(9,117,100)
Income tax expenses	17	-	-
Loss for the year / Total comprehensive loss for the year		(43,487,514)	(9,117,100)

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

	Share capital	Accumulated losses	Total equity
	US\$	US\$	US\$
As at 1 April 2016	595,217	(6,170,168)	(5,574,951)
Loss for the year / Total comprehensive loss for the year	-	(9,117,100)	(9,117,100)
As at 31 March 2017	595,217	(15,287,268)	(14,692,051)
Loss for the year / Total comprehensive loss for the year	-	(43,487,514)	(43,487,514)
As at 31 March 2018	595,217	(58,774,782)	(58,179,565)

STATEMENT OF CASH FLOWS*for the financial year ended 31 March 2018*

	Note	2018 US\$	2017 US\$
<u>Cash flows from operating activities</u>			
Loss before income tax		(43,487,514)	(9,117,100)
<u>Adjustments for:</u>			
Foreign exchange loss		756,567	3,733,496
Finance expenses	15	4,801,735	5,049,639
Operating cash flows before working capital changes		(37,929,212)	(333,965)
<u>Changes in working capital</u>			
Changes in other receivables		1,431,036	(1,431,036)
Changes in amount due from related parties		35,906,437	539,593
Changes in amount due to related parties		29,281,858	3,596,901
Changes in trade and other payables		3,052,489	2,718,746
		69,671,820	5,424,204
Net cash generated from operating activities		31,742,608	5,090,239
<u>Cash flows from investing activities</u>			
Acquisition of an associated company	8	(9,906,790)	-
Net cash used in investing activities		(9,906,790)	-
<u>Cash flows from financing activities</u>			
Interest paid	15	(4,801,735)	(5,049,639)
Repayment of term loan		(17,059,065)	(3,851)
Net cash used in financing activities		(21,860,800)	(5,053,490)
Changes in cash and cash equivalents during the year		(24,982)	36,749
Cash and cash equivalents at beginning of year		71,613	34,864
Cash and cash equivalents at end of year	4	46,631	71,613

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

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

1 CORPORATE INFORMATION

Punj Lloyd Infrastructure Pte. Ltd. (the "Company") (UEN: 200815914N) is incorporated and domiciled in the Republic of Singapore. The registered office and principal place of business of the Company is located at 195 Pearl's Hill Terrace, #03-14, Singapore 168976.

The principal activities of the Company are those of general contracting activities.

The Company's holding company is Punj Lloyd Limited, a listed company on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd and is incorporated in New Delhi, India.

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.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, 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 transitional provisions in the respective FRS and INT FRS.

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.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of Punj Lloyd Infrastructure 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.

2.2 Going concern

The Company incurred a net loss of US\$43,487,514 (2017: US\$9,117,100) during the financial year ended 31 March 2018 and as at that date, the Company's total liabilities exceeded its total assets by US\$58,179,565 (2017: US\$14,692,051). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the holding company's undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company 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 the statement of comprehensive income.

2.6 Impairment of non-financial assets

Investments in subsidiaries and associated company 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. 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.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "other receivables" (Note 5) and "cash and cash equivalents" (Note 4) on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through the statement of comprehensive income including the effects of currency translation, interest and dividends, are recognised in the statement of comprehensive income when the changes arise.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(e) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 are as follows:

(f) Classification and measurement

The Company classifies its financial assets in the following measurement categories:

(i) Amortised cost

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(f) Classification and measurement (Continued)

At subsequent measurement

(i) Debt instruments

There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(g) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Company applies the simplified approach permitted by the SFRS(I) equivalent of IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.8 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.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 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 payables are normally settled on 30 to 90 days terms.

2.11 Fair value estimation of financial assets and liabilities

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

2.12 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.

Current and deferred income taxes are recognised as income or expense in the statement of comprehensive income, 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.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 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 statement of comprehensive income when the changes arise.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("US\$"), which is the functional currency of the Company.

(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 the statement of comprehensive income. 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 expense". All other foreign exchange gains and losses impacting the statement of comprehensive income are presented in the income statement within "other 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.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.16 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.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgements, 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.

Impairment of loans and receivables (Note 5)

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. If the net present values of estimated cash flows had been higher/lower by 5% from management's estimates for all past due loans and receivables, the allowance for impairment of the Company would have been higher/lower by US\$Nil (2017: \$Nil).

4 CASH AND CASH EQUIVALENTS

	2018	2017
	US\$	US\$
Cash at bank	45,676	46,601
Cash on hand	955	25,012
	46,631	71,613

At the end of reporting period, the carrying amounts of cash and cash equivalent approximate their fair value.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***4 CASH AND CASH EQUIVALENTS (Continued)**

Cash and cash equivalents were denominated in the following currencies:

	2018	2017
	US\$	US\$
Singapore Dollar	1,675	34,481
United States Dollar	44,956	37,132
	46,631	71,613

5 OTHER RECEIVABLES

	2018	2017
	US\$	US\$
Advances with supplier	-	1,431,036

At the end of reporting period, the carrying amounts of other receivables approximate their fair value.

Other receivables are denominated in United States Dollars.

6 AMOUNT DUE FROM RELATED PARTIES

	2018	2017
	US\$	US\$
Amount due from subsidiaries	176,106	45,731
Amount due from related parties	1,668,436	7,948,286
Amount due from holding company	597,545	28,095,783
	2,442,087	36,089,800
(Less): Allowance for impairment	(2,258,724)	-
	183,363	36,089,800

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

The amounts due from related parties are non-trade, interest free and repayable on demand.

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

	2018	2017
	US\$	US\$
Singapore Dollar	125,769	35,249,902
United States Dollar	57,594	414,920
United Arab Emirates Dirham	-	424,978
	183,363	36,089,800

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***7 INVESTMENT IN SUBSIDIARIES**

	2018	2017
	US\$	US\$
<u>Unquoted equity investment at cost:</u>		
Beginning and end of financial year	178,001,958	178,001,958

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Percentage of equity held by the Company	
Country of incorporation	Place of business	2018	2017
		%	%
<u>Held by Company</u>			
Punj Lloyd Aviation Pte. Ltd. Singapore [See appended note (a) below]	Aircraft leasing Singapore	100	100
Christos Aviation Ltd. Bermuda [See appended note (b) below]	Leasing and trading of aircrafts Bermuda	100	100
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd. Malaysia [See appended note (c) below]	Construction of pipelines Malaysia	100	100
Indraprastha Renewables Pvt Ltd India [See appended note (d) below]	Renewable energy products India	100	100
<u>Held by Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.</u>			
Punj Lloyd Sdn. Bhd. Malaysia [See appended note (c) below]	Construction of pipelines Malaysia	100	100

(a) Audited by J. TAN & CO., *Public Accountants and Chartered Accountants*

(b) Not required to be audited by regulations in country of incorporation

(c) Audited by Yong & Leonard *Chartered Accountants*, Malaysia(d) Audited by Singhal Prusty & Associates, *Chartered Accountants*

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***8 INVESTMENT IN ASSOCIATED COMPANY**

	2018	2017
	US\$	US\$
<u>Unquoted equity investment at cost:</u>		
Beginning of financial year	-	-
Addition	9,906,790	-
End of financial year	9,906,790	-

Details of the associated company is as follows:

Name of subsidiary	Principal activity	Percentage of equity held by the Company	
Country of incorporation	Place of business	2018	2017
		%	%
Punj Lloyd Construction Contracting Company Ltd. Saudi Arabia [See appended note (a) below]	General contracting activities Saudi Arabia	49	-

(a) Audited by Associated Accountants, Houmod Al Robian and Co.- Certified Accountants and Consultants, Independent Member GGI, Riyadh, KSA

Acquisition of an associated company

On 24 August 2017, the Company acquired 49% of the share capital of Punj Lloyd Construction Contracting Company Ltd, a company incorporated in Saudi Arabia for a consideration of US\$8,000,000 plus Deferred Consideration of US\$1,906,790, out of which US\$906,790 is based on future revenues of the investee and thus contingent in nature.

9 TRADE AND OTHER PAYABLES

	2018	2017
	US\$	US\$
<u>Current</u>		
<u>Trade payables</u>		
Non-related parties	55,753	497,176
<u>Other payables:</u>		
Deferred consideration	425,093	-
Interest payable	4,519,443	2,828,707
	5,000,289	3,325,883
<u>Non-current</u>		
Deferred consideration	1,378,083	-

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***9 TRADE AND OTHER PAYABLES (Continued)**

At the end of reporting period, the carrying amounts trade and other payables approximate their fair value. Trade payables are generally from 30 to 90 days credit terms.

Trade and other payables were denominated in the following currencies:

	2018	2017
	US\$	US\$
Singapore Dollar	-	78,699
United States Dollar	6,378,372	3,247,184
	6,378,372	3,325,883

10 AMOUNT DUE TO RELATED PARTIES

	2018	2017
	US\$	US\$
Amount due to subsidiaries (Note 17)	26,580,147	8,175,421
Amount due to related parties (Note 17)	752,000	172,688
Amount due to holding company (Note 17)	146,958,662	135,904,275
	174,290,809	144,252,384

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

The amounts due to holding company is non-trade, bears interest Nil% (2017: Nil%) per annum and repayable on demand.

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

	2018	2017
	US\$	US\$
Malaysian Ringgit	27,332,147	3,923,407
Singapore Dollar	-	90,485,493
United States Dollar	91,739,451	49,843,484
Arab Emirates Dirham	36,904,757	-
Others	18,314,454	-
	174,290,809	144,252,384

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***11 BANK BORROWINGS AND OBLIGATIONS**

	2018	2017
	US\$	US\$
Bank overdrafts	1,247,756	2,041,811
Bank loan [See appended note (a) below]	38,500,105	40,000,000
Obligations to pay a financial institution [See appended note (b) below]	25,901,265	40,666,380
	65,649,126	82,708,191

Bank borrowings and obligations were denominated in the following currencies:

	2018	2017
	US\$	US\$
Singapore Dollar	1,983	1,649
United States Dollar	65,647,143	82,706,542
	65,649,126	82,708,191

- (a) The bank loan is repayable in 10 equal installments between 22 September 2016 and 21 December 2018 and bears effective interests at 8.67%. During the financial year 2015, the Company breached a covenant of the bank loan as the Company did not fulfill certain financial ratio requirements. Consequently, the credit is presented as current liability as at 31 March 2017 and 31 March 2018. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant but as at 31 March 2018 had not done so. The loan is guaranteed by the holding company, Punj Lloyd Limited.
- (b) The obligations to pay a financial institution arose from the Share Sale & Purchase Agreement for the acquisition of a subsidiary. In consideration of purchase of the shares, the Company undertook to discharge the Punj Lloyd Pte Ltd ("PLPL") obligations and payables. The original loan which bears effective interest rate of 5.11%, is repayable in two equal installments, the first, 24 months from the utilisation date and the second, on the final repayment date. The loan is guaranteed by the holding company, Punj Lloyd Limited, the Company's subsidiary, Punj Lloyd Oil & Gas (Malaysia) Sdn Bhd and the related company, Sembawang Engineers and Constructors Pte Ltd. As at 31 March 2018, the bank had requested for immediate repayment of the outstanding loan amount.

12 SHARE CAPITAL

	2018		2017	
	No. of shares	Amount of shares	No. of shares	Amount of shares
		US\$		US\$
<u>Ordinary shares with par value of SGD 1 each</u>				
Beginning and end of financial year	835,625	595,217	835,625	595,217

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.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***13 REVENUE**

	2018	2017
	US\$	US\$
Sale of goods	14,028,675	13,232,289

14 OTHER GAINS AND (LOSSES) – NET

	2018	2017
	US\$	US\$
Foreign exchange loss	(756,567)	(3,733,496)
Fair value adjustment for contingent consideration	59,853	-
	(696,714)	(3,733,496)

15 FINANCE EXPENSES

	2018	2017
	US\$	US\$
Interest expense on term loans	-	3,358,037
Interest expense on working capital loans	-	52,632
Interest expense on others	4,799,302	1,583,473
Bank charges	2,433	55,497
	4,801,735	5,049,639

16 ADMINISTRATIVE EXPENSES

The administrative expenses included the following items:-

	2018	2017
	US\$	US\$
Bad debts written off	37,865,435	150,000
Consultancy and professional expenses	4,565	254,160
Rates and taxes	33,321	-
Travelling and conveyance expenses	6,268	2,560

17 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2018 and 2017 were:

	2018	2017
	US\$	US\$
Current income tax	-	-

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***17 INCOME TAX EXPENSE (Continued)**

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 2018 and 2017 were as follows:

	2018	2017
	US\$	US\$
Loss before income tax	(43,547,367)	(9,117,100)
Tax calculated at tax rate of 17% (2017: 17%)	(7,403,305)	(1,549,907)
Effects of:		
Effect of changes in unrecognised deferred tax assets	7,403,305	1,549,907
Tax expense	<u><u>-</u></u>	<u><u>-</u></u>

18 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 Company and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

Some of the Company'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 entities 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.

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.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***18 RELATED PARTY TRANSACTIONS (Continued)**

(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) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related companies and related parties took place at terms agreed between the parties during the financial year:

	2018	2017
	US\$	US\$
<u>Holding company</u>		
Expenses	36,593,662	-
Purchases of goods	14,025,144	13,203,729
<u>Related parties</u>		
Expenses	1,313,159	-

(b) Amount due from/(to) related parties

As at 31 March 2018 and 2017, amount due from/(to) related parties amounted to was as follows:

	2018	2017
	US\$	US\$
<u>Amount due from/(to) subsidiaries</u>		
Punj Lloyd Aviation Pte Ltd	139,428	19,597
Christos Aviation Limited	36,678	26,134
Punj Lloyd Oil & Gas Malaysia Sdn Bhd	(26,580,147)	(8,175,421)

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***18 RELATED PARTY TRANSACTIONS (Continued)****(b) Amount due from/(to) related parties (Continued)**

As at 31 March 2018 and 2017, amount due from/(to) related parties amounted to was as follows (Continued):

	2018	2017
	US\$	US\$
<u>Amount due from/(to) related parties</u>		
Punj Lloyd Group JV – Thailand	-	6,516,536
Punj Lloyd International Limited	6,895	4,436
Punj Lloyd Engineer and Constructors Pte Ltd	-	2,487
Punj Lloyd Engineering Pte Ltd	363	36
Sembawang Engineers And Constructors Pte Ltd	-	1,307,455
Punj Lloyd Sdn Bhd	(752,000)	(52,000)
Punj Lloyd Pte Ltd	-	117,336

Amount due from/(to) holding company

Punj Lloyd Limited – Thailand Branch	-	27,649,717
Punj Lloyd Limited – Dubai Branch	-	446,066
Punj Lloyd Limited	(91,739,451)	(89,921,838)
Punj Lloyd Limited – Abu Dhabi Branch	(36,904,757)	(28,982,411)
Punj Lloyd Limited – Oman Branch	(1,515,247)	(1,430,820)
Punj Lloyd Limited – Kuwait Branch	(15,000)	-
Punj Lloyd Limited – Qatar Branch	(16,784,207)	(15,569,207)

Outstanding balances at 31 March 2018 and 31 March 2017, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 6 and Note 10 respectively.

19 FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company and has established detailed policies such as authority levels and oversight responsibilities.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***19 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(a) Market risk****(i) Currency risk**

The Company operate mainly in Singapore and are subjected to various currency exposures, primarily with respect to the Singapore Dollar (SGD), United Arab Emirates Dirham (AED) and Malaysian Ringgit (MYR). 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 Singapore Dollar, United Arab Emirates Dirham and Malaysian Ringgit. 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.

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	AED	MYR	OTHERS	TOTAL
2018					
<u>Financial assets</u>					
Amount due from related parties	125,769	-	-	-	125,769
Other receivables	-	-	-	-	-
Cash and cash equivalents	1,675	-	-	-	1,675
	<u>127,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,444</u>
<u>Financial liabilities</u>					
Trade and other payables	-	-	-	-	0
Amount due to related parties	-	36,904,757	27,332,147	18,314,454	82,551,358
Bank borrowings and obligations	1,983	-	-	-	1,983
	<u>1,983</u>	<u>36,904,757</u>	<u>27,332,147</u>	<u>18,314,454</u>	<u>82,553,341</u>
Currency exposure	<u>125,461</u>	<u>(36,904,757)</u>	<u>(27,332,147)</u>	<u>(18,314,454)</u>	<u>(64,111,443)</u>

Others includes Omani Riyal (OMR), Qatari Riyal (QAR) and Kuwaiti Dinar (KWD).

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

19 FINANCIAL RISK MANAGEMENT (Continued)**Financial risk factors (Continued)****(a) Market risk (Continued)****(i) Currency risk (Continued)**

	SGD	AED	MYR	OTHERS	TOTAL
<u>2017</u>					
<u>Financial assets</u>					
Amount due from related parties	35,249,902	424,978	-	-	35,674,880
Other receivables	-	-	-	-	0
Cash and cash equivalents	34,481	-	-	-	34,481
	<u>35,284,383</u>	<u>424,977</u>	<u>-</u>	<u>-</u>	<u>35,709,361</u>
<u>Financial liabilities</u>					
Trade and other payables	78,699	-	-	-	78,699
Amount due to related parties	90,485,493	-	3,923,407	-	94,408,900
Bank borrowings and obligations	1,649	-	-	-	1,649
	<u>90,565,841</u>	<u>-</u>	<u>3,923,407</u>	<u>-</u>	<u>94,489,248</u>
Currency exposure	<u>(55,281,458)</u>	<u>424,977</u>	<u>(3,923,407)</u>	<u>-</u>	<u>(58,779,888)</u>

Sensitivity analysis for foreign currency risk

If the foreign currencies change against the USD by 10% (2017: 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:

	Profit after tax	
	Increase / (Decrease)	
	2018	2017
	US\$	US\$
<u>SGD against USD</u>		
- strengthened	10,413	(4,588,224)
- weakened	(10,413)	4,588,224
<u>AED against USD</u>		
- strengthened	(3,063,095)	35,273
- weakened	3,063,095	(35,273)
<u>MYR against USD</u>		
- strengthened	(2,268,568)	(325,643)
- weakened	2,268,568	325,643

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

19 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings.

The borrowings are mainly denominated in USD. At 31 March 2018, if the interest rates had increased/decreased by 0.5% (2017: 0.5%) with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by US\$267,266 (2017: US\$334,765) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank balances and deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management at the Company level.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***19 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(c) Liquidity risk**

The Company manage the liquidity risk by maintaining sufficient cash to meet their normal operating commitments.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 to 5 years
	\$	\$
2018		
Trade and other payables	5,000,289	1,378,083
Amount due to related parties	174,290,809	-
Bank borrowings and obligation	65,649,126	-
	<u>244,940,224</u>	<u>1,378,083</u>
2017		
Trade and other payables	3,325,883	-
Amount due to related parties	144,252,384	-
Bank borrowings and obligation	82,708,191	-
	<u>230,286,458</u>	<u>-</u>

(d) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2018	2017
	\$	\$
Loans and receivables	-	37,592,449
<u>Financial assets, at amortised cost</u>		
- Loans and receivables	229,994	-
Financial liabilities, at amortised cost	<u>246,318,307</u>	<u>230,286,458</u>

(e) Fair value measurement

The carrying values of financial assets and liabilities approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

20 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are

- (i) 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; and
- (ii) 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 is required to comply with externally imposed capital requirements and bank covenants which were breached in the financial years ended 31 March 2018 and 31 March 2017. The Company's overall strategy to capital management remains unchanged from 2017. 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:

	2018	2017
	US\$	US\$
Total debt	246,318,307	230,286,458
(Less): Cash and cash equivalents	(46,631)	(71,613)
Net debt	246,271,676	230,214,845
Total equity	(58,179,565)	(14,692,051)
Total capital	188,092,111	215,522,794
Gearing ratio	N/A	N/A

The gearing ratio is not applicable as the company is in net liabilities position.

Consistently with others in the industry, the Company may monitor capital on the basis of the gearing ratio.

The gearing ratio is calculated as net debt divided by total capital.

Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

Punj Lloyd Infrastructure Pte. Ltd.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

21 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Punj Lloyd Infrastructure Pte. Ltd. on the same date as indicated on the directors' statement.