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

DIRECTOR'S STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

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

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DIRECTOR'S STATEMENT

for the financial year ended 31 March 2017

The director presents his statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2017.

1 OPINION OF THE DIRECTOR

In the opinion of the director,

(a) the financial statements set out on pages 5 to 34 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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 DIRECTOR

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

Atul Punj

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTOR'S INTEREST IN SHARES OR DEBENTURES

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

	Ordinary shares			
	Shareholdings registered in the names of the director or nominee		Shareholdings in which a director is deemed to have an interest	
	At end of year	At beginning of year	At end of year	At beginning of year
Punj Lloyd Limited (Holding Company)				
(Ordinary shares of Rps 2 each)				
Atul Punj	1,431,360	1,431,360	97,544,447	97,839,775

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 as at the end of the financial year.

6 INDEPENDENT AUDITOR

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

Sole director,

Atul Punj
Director

Singapore, 03 MAY 2017

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte. Ltd.

for the financial year ended 31 March 2017

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 2017, 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 2017, 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 $9,117,100 (2016: $3,087,505) during the year ended 31 March 2017 and, as of that date, the Company's total liabilities exceeded its total assets by $14,692,051 (2016: $5,574,951). 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 Director's 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 Director 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 director's responsibilities include overseeing the Company's financial reporting process.

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

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte Ltd

for the financial year ended 31 March 2017

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 directors 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, 03 MAY 2017

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	Note	2017	2016
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents	**4**	**71,613**	34,864
Other receivables	**5**	**1,431,036**	-
Amount due from related parties	**6**	**36,089,800**	36,629,393
		37,592,449	36,664,257
Non-current assets			
Investment in subsidiaries	**7**	**178,001,958**	178,001,958
Total assets		**215,594,407**	214,666,215
LIABILITIES			
Current liabilities			
Trade and other payables	**8**	**3,325,883**	607,137
Amount due to related parties	**9**	**144,252,384**	136,921,987
Bank borrowings and obligations	**10**	**82,708,191**	82,712,042
Total liabilities		**230,286,458**	220,241,166
Net liabilities		**(14,692,051)**	(5,574,951)
EQUITY			
Share capital	**11**	**595,217**	595,217
Retained earnings		**(15,287,268)**	(6,170,168)
Total equity		**(14,692,051)**	(5,574,951)

Punj Lloyd Infrastructure Pte. Ltd.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2017

	Note	2017	2016
		US$	US$
Revenue	12	**13,232,289**	7,985,000
Other operating income	13	**(3,733,496)**	1,434,456
Purchases and related cost		**(13,203,729)**	(7,671,049)
Adminstrative expenses		**(362,525)**	(653,601)
Finance expenses	14	**(5,049,639)**	(4,182,311)
Loss before income tax	15	**(9,117,100)**	(3,087,505)
Income tax expenses	16	**-**	-
Loss for the year / Total comprehensive loss for the year		**(9,117,100)**	(3,087,505)

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

	Note	Share capital	Retained earnings	Total
		US$	US$	US$
As at 1 April 2015		**7**	**(3,082,663)**	**(3,082,656)**
Loss for the year / Total comprehensive loss for the year		-	(3,087,505)	(3,087,505)
Issuance of ordinary shares		595,210	-	595,210
As at 31 March 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)**

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2017

	Note	2017	2016
		US$	US$
Cash flows from operating activities			
Loss before income tax		**(9,117,100)**	(3,087,505)
Adjustments for:			
Foreign exchange gain		**(3,733,496)**	(1,434,047)
Finance expenses	**14**	**5,049,639**	4,182,311
Operating cash flows before working capital changes		**(7,800,957)**	(339,241)
Change in operating assets and liabilities			
Changes in other receivables		**(1,431,036)**	-
Changes in amount due from related parties		**539,593**	(36,204,450)
Changes in amount due to related parties		**11,063,893**	137,727,512
Changes in trade and other payables		**2,718,746**	456,498
		12,891,196	101,979,560
Net cash generated from operating activities		**5,090,239**	101,640,319
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	**7**	**-**	(140,825,475)
Net cash used in investing activities		**-**	(140,825,475)
Cash flows from financing activities			
Interest paid	**14**	**(5,049,639)**	(4,182,311)
Proceeds from borrowings		**-**	46,934,634
Proceeds from issuance of ordinary shares	**11**	**-**	595
Repayment of term loan		**(3,851)**	(4,222,592)
Net cash (used in) / generated from financing activities		**(5,053,490)**	39,124,941
Changes in cash and cash equivalents during the year		**36,749**	(60,215)
Cash and cash equivalents at beginning of year		**34,864**	95,079
Cash and cash equivalents at end of year	**4**	**71,613**	34,864

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 8 Shenton Way, #50-01, AXA Tower, Singapore 068811.

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 2016

On 1 April 2016, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Exemption from preparing consolidated financial statements

These financial statements is 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 conern

The Company incurred a net loss of $9,117,100 (2016: $3,087,505) during the financial year ended 31 March 2017 and as at that date, the Company's total liabilities exceeded its total assets by $14,692,051 (2016: $5,574,951). 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.

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

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

2.6 Impairment of non-financial assets

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

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

2 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 and available-for-sale. 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" and "cash and cash equivalents" on the statement of financial position. Trade receivables are generally on 30 - 90 days terms.

(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 istatement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 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 profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

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 flow, 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 profit or loss 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.

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 profit or loss over the period of the borrowings using the effective interest method.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Fair value estimation of financial assets and liabilities

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

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

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculate as the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.12 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 profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Income taxes (Continued)

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

2.13 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 profit or loss 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 profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses". Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 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.

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 (2015: $1,831,470).

4 CASH AND CASH EQUIVALENTS

	2017	2016
	US$	US$
Cash at bank	**46,601**	34,864
Cash on hand	**25,012**	-
	71,613	34,864

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

Cash and cash equivalents were denominated in the following currencies:

	2017	2016
	US$	US$
Singapore Dollar	**34,481**	24,165
United States Dollar	**37,132**	10,699
	71,613	34,864

5 OTHER RECEIVABLES

	2017	2016
	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 Singapore Dollars.

6 AMOUNT DUE FROM RELATED PARTIES

	2017	2016
	US$	US$
Amount due from subsidiaries (Note 17)	**45,731**	18,113
Amount due from related parties (Note 17)	**7,948,286**	8,157,033
Amount due from holding company (Note 17)	**28,095,783**	28,454,247
	36,089,800	36,629,393

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.

6 AMOUNT DUE FROM RELATED PARTIES (Continued)

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

	2017	2016
	US$	US$
Singapore Dollar	**35,249,902**	35,264,675
United States Dollar	**414,920**	939,830
United Arab Emirates Dirham	**424,978**	424,888
	36,089,800	36,629,393

7 INVESTMENT IN SUBSIDIARIES

	2017	2016
	US$	US$
Unquoted equity investment at cost:		
At beginning and end of financial year	**178,001,958**	178,001,958

Details of the subsidiaries are as follows:

Name of subsidiary / **Country of incorporation**	**Principal activity** / **Place of business**	**Percentage of equity held by the Company** 2017	2016
		%	%
Held by Company			
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
Held by Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.			
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 Ernst & Young LLP, Malaysia

7 INVESTMENT IN SUBSIDIARIES (Continued)

Acquisition of subsidiary

On 1 July 2015, the Company acquired a 100% equity interest in Punj Lloyd Oil & Gas (Malaysia) Sdn Bhd ("PLOG") which is in the business of construction of pipelines, from the Company's related companies, Punj Lloyd Pte Ltd ("PLPL") and Punj Lloyd Limited ("PLL").

The acquisitions were recorded using the merger accounting for common control control combinations.

Under the Share Sale & Purchase Agreement dated 1 July 2015, PLPL agreed to sell and the Company agreed to purchase the entire shareholding of 750,000 ordinary shares of RM1 each of PLOG.

Further under the Agreement, the Company agreed to take over and discharge certain obligations and payables to financial institution, bank and to related parties.

The details of such obligations and payables are as follows:

Obligations and payables taken over by the Company

	2016
	US$
Non-related parties	
Local financial institution	45,000,000
Foreign bank	10,082,151
	55,082,151
Related parties	
Punj Lloyd Limited	78,953,770
Punj Lloyd Limited – Abu Dhabi Branch	27,276,308
Punj Lloyd Limited – Qatar Branch	15,569,208
Punj Lloyd Limited – Thailand Branch	(28,811,713)
Punj Lloyd Group JV – Thailand	(7,244,249)
	85,743,324
Total obligations and payables taken over by PLIPL	140,825,475

7 INVESTMENT IN SUBSIDIARIES (Continued)

The fair values of the identifiable assets and liabilities of PLOG as at the acquisition dates were:

	2016
	US$
Property, plant and equipment	9,905,034
Investment in subsidiary	242,800
Amount due from related parties	-
Cash and cash equivalents	3,958,875
Inventories	25,747,020
Other current assets	48,165
	39,901,894
(Less:) Trade and other payables	(16,907,084)
(Less:) Bank loans	(3,089,018)
Net identifiable assets at fair value	19,905,792
Loss / (Gain) on bargain purchase	120,919,683
Consideration transferred for the acquisition of PLOG	140,825,475

There is no comparative figures as the transactions occurred in 2016.

8 TRADE AND OTHER PAYABLES

	2017	2016
	US$	US$
Trade payables:		
Non-related parties	**497,176**	89,955
Other payables:		
Interest accrued and due	**2,126,357**	-
Interest accrued but not due	**705,350**	517,182
	3,328,883	607,137

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:

	2017	2016
	US$	US$
Singapore Dollar	**78,699**	4,719
United States Dollar	**3,247,184**	602,418
	3,325,883	607,137

9 AMOUNT DUE TO RELATED PARTIES

	2017	2016
	US$	US$
Amount due to subsidiaries (Note 17)	**8,175,421**	4,917,288
Amount due to related parties (Note 17)	**172,688**	438,996
Amount due to holding company (Note 17)	**135,904,275**	131,565,703
	144,252,384	136,921,987

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% (2016: Nil%) per annum and repayable on demand.

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

	2017	2016
	US$	US$
Malaysian Ringgit	**3,923,407**	2,194,237
Singapore Dollar	**90,485,493**	86,775,612
United States Dollar	**49,843,484**	47,952,138
	144,252,384	136,921,987

10 BANK BORROWINGS AND OBLIGATIONS

	2017	2016
	US$	US$
Current		
Bank overdrafts	**2,040,162**	1,934,634
Bank loan [See appended note (a) below]	**40,000,000**	40,000,000
Obligations to pay a financial institution [See appended note (b) below]	**40,666,380**	40,777,408
	82,706,542	82,712,042

(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 2016 and 31 March 2017. 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 2017 had not done so. The loan is guaranteed by the holding company, Punj Lloyd Limited.

10 BANK BORROWINGS AND OBLIGATIONS (Continued)

(b) The obligations to pay a financial institution arose from the Share Sale & Purchase Agreement as disclosed in Note 7. In consideration of purchase of the shares, the Company undertook to discharge the Punj Lloyd Pte Ltd ("PLPL") obligations and payables as disclosed in Note 7. 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 2017, the bank had requested for immediate repayment of the outstanding loan amount.

11 SHARE CAPITAL

	2017		2016	
	No. of shares	**Amount of shares**	No. of shares	Amount of shares
Ordinary shares with par value of SGD 1 each		**US$**		US$
At beginning of financial year	**835,625**	**595,217**	10	7
Issuance of ordinary share	-	-	835,615	595,210
At 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.

On 1 March 2016, the Company capitalised 835,615 ordinary shares of SGD 1 each for a total consideration of $595,210 for cash to provide funds for working capital purposes. The newly issued shares rank pari passu in all respects with the previously issued shares.

12 REVENUE

	2017	2016
	US$	US$
Sale of goods	**13,232,289**	7,685,000
Rendering of services	-	300,000
	13,232,289	7,985,000

13 OTHER OPERATING INCOME

	2017	2016
	US$	US$
Interest income	-	409
Foreign exchange gain	3,733,496	1,434,047
	3,733,496	1,434,456

14 FINANCE EXPENSES

	2017	2016
	US$	US$
Interest expense on term loans	4,941,510	3,788,010
Interest expense on working capital loans	52,632	4,270
Interest expense on others	-	390,031
Bank charges	55,497	-
	5,049,639	4,182,311

15 EXPENSES BY NATURE

	2017	2016
	US$	US$
Consultancy and professional expenses	254,160	382,019
Rates and taxes	-	258,991
Travelling and conveyance expenses	2,560	1,504

16 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2017 and 2016 were:

	2017	2016
	US$	US$
Current income tax	-	-
Over provision in respect of prior year	-	-
Income tax credit recognised in statement of comprehensive income	-	-

16 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 2017 and 2016 were as follows:

	2017	2016
	US$	US$
Loss before income tax	**(9,117,100)**	(3,087,505)
Tax calculated at tax rate of 17% (2016: 17%)	**(1,549,907)**	(524,876)
Effects of:		
Effect of changes in unrecognised deferred tax assets	**1,549,907**	524,876
Tax expense	**-**	-

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

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.

17 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:

	2017	2016
	US$	US$
Punj Lloyd Kenya Limited		
Rendering of management services	-	300,000
Punj Lloyd Limited		
Purchases of goods	**13,203,729**	7,671,048
Consultancy and professional charges	-	270,000

(b) Amount due from/to related parties

As at 31 March 2017 and 2016, amount due from/to related parties amounted to was as follows:

	2017	2016
	US$	US$
Amount due from/(to) subsidiaries		
Punj Lloyd Aviation Pte Ltd	**19,597**	700
Christos Aviation Limited	**26,134**	17,413
Punj Lloyd Oil & Gas Malaysia Sdn Bhd	**(8,175,421)**	(4,917,288)

17 RELATED PARTY TRANSACTIONS (Continued)

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

As at 31 March 2017 and 2016, amount due from/to related parties amounted to was as follows (Continued):

Amount due from/(to) related parties		
Punj Lloyd Group JV – Thailand	**6,516,536**	6,619,260
Punj Lloyd International Limited	**4,436**	2,084
Punj Lloyd Engineer and Constructors Pte Ltd	**2,487**	1,314
Sembawang Engineers And Constructors Pte Ltd	**1,307,455**	1,234,375
Punj Lloyd Kenya Limited	**-**	300,000
Punj Lloyd Pte Ltd	**117,336**	(438,996)
Amount due from/(to) holding company		
Punj Lloyd Limited – Thailand Branch	**27,649,717**	28,008,270
Punj Lloyd Limited – Dubai Branch	**446,066**	445,977
Punj Lloyd Limited	**(89,921,838)**	(87,113,769)
Punj Lloyd Limited – Abu Dhabi Branch	**(28,982,411)**	(28,882,727)
Punj Lloyd Limited – Qatar Branch	**(15,569,207)**	(15,569,207)

Outstanding balances at 31 March 2017 and 2016, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 6 and Note 9 respectively.

18 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Director reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

18 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

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

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

Excessive risk concentration

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

Exposure to credit risk

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

Financial assets that are neither past due nor impaired

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

Liquidity risk

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

18 FINANCIAL RISK MANAGEMENT (Continued)

Analysis of financial instruments by remaining contractual maturities

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

	2017		2016	
	Less than 1 year	**Between 1 to 5 years**	Less than 1 year	Between 1 to 5 years
	US$	**US$**	US$	US$
Financial assets				
Amount due from related parties	**36,089,800**	-	36,629,393	-
Cash and cash equivalents	**71,613**	-	34,864	-
Other receivables	**1,431,036**	-	-	-
Total undiscounted financial assets	**37,592,449**	-	36,664,257	-
Financial liabilities				
Trade and other payables	**3,325,883**	-	607,137	-
Amount due to related parties	**144,252,384**	-	136,921,987	-
Bank borrowings and obligations	**82,708,191**	-	82,712,042	-
Total undiscounted financial liabilities	**230,286,458**	-	220,241,166	-
Total net undiscounted financial liabilities	**(192,694,009)**	-	(183,576,909)	-

Market risk

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

(i) Interest rate risk

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

18 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(i) Interest rate risk

At the reporting date, if the interest rates had been 50 (2016: 50) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been $413,540 (2016: $208,616) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate cash at bank and floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign currency risk

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

The Company are exposed to foreign currency risk on their foreign currencies denominated cash balances, trade receivables and trade payables. The currency giving rise to this risk is primarily United States Dollar, Singapore Dollar, 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:

2017	USD	SGD	AED	MYR	TOTAL
Financial assets					
Amount due from related parties	414,920	35,249,902	424,978	-	36,089,800
Cash and cash equivalents	37,132	34,481	-	-	71,613
Total undiscounted financial assets	452,052	35,284,383	424,977	-	36,161,413
Financial liabilities					
Trade and other payables	3,247,184	78,699	-	-	3,325,883
Amount due to related parties	49,843,484	90,485,493		3,923,407	144,252,384
Bank borrowings and obligations	82,708,191				82,708,191
Total undiscounted financial liabilities	135,798,859	90,564,192	-	3,923,407	230,286,458
Net financial assets/ (liabilities)	(135,346,807)	(55,279,809)	424,977	(3,923,407)	(194,125,046)

18 FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

2016	USD	SGD	AED	MYR	TOTAL
Financial assets					
Amount due from related parties	939,830	35,264,675	424,888	-	36,629,393
Cash and cash equivalents	10,699	24,165	-	-	34,864
	950,529	35,288,840	424,888	-	36,664,257
Financial liabilities					
Trade and other payables	602,418	4,719	-	-	607,137
Amount due to related parties	47,952,138	86,775,612	-	2,194,237	136,921,987
Bank borrowings and obligations	82,712,042	-	-	-	82,712,042
	131,266,598	-	-	-	220,241,166
Net financial assets/(liabilities)	(130,316,069)	35,288,840	424,888	-	(183,576,909)

Sensitivity analysis for foreign currency risk

If the foreign currencies change against the USD by 10% (2016: 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:

	2017		2016	
	Increase / (Decrease)			
	Profit after tax	**Equity**	Profit after tax	Equity
	US$	**US$**	US$	US$
SGD against USD				
- strengthened	**11,233,785**	**11,233,785**	4,273,793	4,273,793
- weakened	**(11,233,785)**	**(11,233,785)**	(4,273,793)	(4,273,793)
AED against USD				
- strengthened	**(4,588,224)**	**(4,588,224)**	35,266	35,266
- weakened	**4,588,224**	**4,588,224**	(35,266)	(35,266)
MYR against USD				
- strengthened	**59,964**	**59,964**	182,122	182,122
- weakened	**(59,964)**	**(59,964)**	(182,122)	(182,122)

19 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Company categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can assess at the measurement date,

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

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

The carrying amounts of the financial assets and financial liabilities at the reporting date with a maturity of less than one year are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments or that they are subject to floating or fixed interest rates which in turn approximate the current market interest rate for similar instruments at the date of the statement of financial position.

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

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

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

The Company is required to comply with externally imposed capital requirements and bank convenants which were breached in the financial years ended 31 March 2017 and 31 March 2016. The Company's overall strategy to capital management remains unchanged from 2016. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

20 CAPITAL MANAGEMENT (Continued)

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:

	2017	2016
	US$	US$
Trade and other payables	**3,325,883**	607,137
Amount due to related parties	**144,252,384**	136,921,987
Bank borrowings and obligations	**82,708,191**	82,712,042
(Less): Cash and cash equivalents	**(71,613)**	(34,864)
Net debt	**230,214,845**	220,206,302
Total equity	**(14,692,051)**	(5,574,951)
Total adjusted capital	**(14,692,051)**	(5,574,951)
Gearing ratio	**na**	na

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

21 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2017 and which the Company has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer contract
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

21 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (Continued)

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets.

  The other financial assets held by the Company include loans and receivables measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

  Accordingly, the Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Company's accounting for financial liabilities as the Company does not have any such liabilities.

  There is now a new expected credit loss model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of any credit losses.

  The new Standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

22 AUTHORISATION OF FINANCIAL STATEMENTS

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