Company Registration No. 2008015914N

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

Annual Financial Statements
31 March 2015

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

General information

Directors

Atul Punj
Jayarama Prasad Chalasani

Secretary

Tay Yew Beng Peter

Registered Office

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

Bankers

Standard Chartered Bank

Auditor

Ernst & Young LLP

Index

	Page
Directors' report	1
Statement by directors	3
Independent auditor's report	4
Consolidated income statement	6
Consolidated statement of comprehensive income	7
Balance sheets	8
Statements of changes in equity	9
Consolidated cash flow statement	11
Notes to the financial statements	12

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

Directors

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

Atul Punj
Jayarama Prasad Chalasani

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose 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.

Directors' interest in shares or debentures

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

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

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

During the financial year there were:

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

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

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

Auditor

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

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore
20 May 2015

Statement by directors

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

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

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

Atul Punj
Director

Jayarama Prasad Chalasani
Director

Singapore
20 May 2015

Independent auditor’s report to the member of Punj Lloyd Infrastructure Pte. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Punj Lloyd Infrastructure Pte. Ltd. (the "Company") and its subsidiaries (collectively the "Group") set out on pages 6 to 45, which comprise the balance sheets of the Group and the Company as at 31 March 2015, and the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the member of Punj Lloyd Infrastructure Pte. Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Other matter

The financial statements of Punj Lloyd Infrastructure Pte. Ltd. for the year ended 31 March 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 22 April 2014.

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 and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

20 May 2015

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

Consolidated income statement
For the financial year ended 31 March 2015

	Note	Group 2015 $
Revenue	3	3,773,471
Other operating income	4	140,038
Administrative expenses		(3,616,049)
Other operating expenses		(4,129,897)
Finance costs		(720,556)
Loss before taxation	5	(4,552,993)
Tax expense	6	(1,238,749)
Loss for the year		(5,791,742)

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

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

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

	Note	Group 2015 $
Loss for the year		(5,791,742)
Other comprehensive income:		
Gain on bargain purchase on acquisition of subsidiaries	8	158,412
Foreign currency translation arising from translation of financial statements of overseas subsidiaries		(2,507)
Other comprehensive income for the year, net of tax		155,905
Total comprehensive income for the year		(5,635,837)

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

Balance sheets
As at 31 March 2015

	Note	Group 2015 $	Company 2015 $	Company 2014 $
ASSETS				
Non-current assets				
Property, plant and equipment	7	42,659,668	–	–
Investment in subsidiaries	8	–	50,786,794	–
		42,659,668	50,786,794	–
Current assets				
Other receivables and deposits		12	–	–
Amounts due from related parties	10	9,063,541	580,514	536,534
Cash and cash equivalents	11	130,026	129,888	10
		9,193,579	710,402	536,544
Total assets		51,853,247	51,497,196	536,544
EQUITY AND LIABILITIES				
Current liabilities				
Bank borrowings	12	54,644,000	54,644,000	–
Trade and other payables	13	212,231	205,787	8,032
Amounts due to related parties	14	895,130	858,625	29,538
		55,751,361	55,708,412	37,570
Net current (liabilities)/assets		(46,557,782)	(54,998,010)	498,974
Non-current liabilities				
Deferred tax liabilities	9	1,238,749	–	–
Total liabilities		56,990,110	55,708,412	–
Net (liabilities)/assets		(5,136,863)	(4,211,216)	37,570
Equity				
Share capital	15	10	10	10
Accumulated losses		(5,292,778)	(4,211,226)	498,964
Premium reserve	16	158,412	–	–
Currency translation reserve	16	(2,507)	–	–
Total equity		(5,136,863)	(4,211,216)	498,974
Total equity and liabilities		51,853,247	51,497,196	536,544

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

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

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

	Note	Share capital	Premium reserve	Currency translation reserve	Accumulated losses	Total equity
		$	$	$	$	$
Group						
At 1 April 2014		10	–	–	498,964	498,974
Acquisition of subsidiaries during the year	8	–	158,412	–	–	158,412
Loss for the year		–	–	–	(5,791,742)	(5,791,742)
Other comprehensive income						
- Foreign currency translation arising from translation of financial statements of overseas subsidiaries		–	–	(2,507)	–	(2,507)
Total comprehensive income for the year		–	–	(2,507)	(5,791,742)	(5,794,249)
At 31 March 2015		10	158,412	(2,507)	(5,292,778)	(5,136,863)

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

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

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

	Share capital	Accumulated profit/ (losses)	Foreign currency translation reserve	Total
	$	$	$	$
Company				
At 1 April 2013	10	(124,530)	402	(124,118)
Profit for the year	–	623,494	–	623,092
Other comprehensive income				
- Exchange difference on foreign operation			(402)	
Total comprehensive income for the year	–	623,494	(402)	623,092
At 31 March 2014 and 1 April 2014	10	498,964	–	498,974
Loss for the year	–	(4,710,190)	–	(4,710,190)
Other comprehensive income				
- Exchange difference on foreign operation	–	–	–	–
Total comprehensive income for the year	–	(4,710,190)	–	–
At 31 March 2015	10	(4,211,226)	–	(4,211,216)

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

Punj Lloyd Infrastructure Pte. Ltd. and its Subsidiaries

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

	Note	Group 2015 $
Cash flows from operating activities		
Loss before taxation		(4,552,993)
Adjustments for:		
Depreciation of property, plant and equipment		3,593,770
Interest expenses		720,556
Effect of changes in foreign exchange		(2,507)
Operating loss before working capital changes		(241,174)
Increase in other receivables, deposits, and prepayments		(12)
Increase in balances with related parties		(2,940,986)
Increase in trade and other payables		175,424
Cash flows used in operations		(3,006,748)
Interest paid		(720,556)
Net cash flows used in operating activities		(3,727,304)
Cash flows from investing activity		
Net cash outflow on acquisition of a subsidiary	8	(50,786,680)
Cash flows used in investing activity		(50,786,680)
Cash flows from financing activity		
Proceeds from bank borrowings		54,644,000
Cash flows generated from financing activity		54,644,000
Net increase in cash and cash equivalents		130,016
Cash and cash equivalents at beginning of year		10
Cash and cash equivalents at end of year		130,026

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

1. Corporate information

Punj Lloyd Infrastructure Pte. Ltd. (the "Company") is a private limited company incorporated in Singapore on 8 August 2008. Its registered office is located at 5 Maxwell Road, #16-00 Tower Block, MND Complex Singapore 069110.

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.

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

The principal activities of the subsidiaries are disclosed in Note 8.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or $) except where otherwise indicated.

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

2.2 *Changes in accounting policies*

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

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

2.3 *Standards issued but not yet effective*

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

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

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

2.3 *Standards issued but not yet effective (cont'd)*

Except for the below, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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

2.4 *Significant accounting estimates and judgements*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payables and deferred tax liabilities at 31 March 2015 are $0 and $1,238,749 respectively.

(iii) Useful lives of plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over its estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 7 years. These are lower than the common life expectancies applied in the aviation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the end of the reporting period is disclosed in Note 6 to the financial statements.

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

2.4 *Significant accounting estimates and judgements (cont'd)*

(a) *Key sources of estimation uncertainty (cont'd)*

(iv) Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.5 *Foreign currency*

(a) *Functional currency*

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

(b) *Transactions and balances*

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

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

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

2.5 *Foreign currency (cont'd)*

(c) *Consolidated financial statements*

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

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

2.6 *Basis of consolidation*

(a) *Subsidiaries*

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

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

(b) *Principles of consolidation*

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

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

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

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

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

2.6 *Basis of consolidation (cont'd)*

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

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

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

<u>Basis of consolidation prior to 1 April 2010</u>

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 April 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 April 2010 have not been restated.

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

2.6 *Basis of consolidation (cont'd)*

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

Business combinations from 1 April 2010

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

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

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

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

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

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

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

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

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

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

2.6 *Basis of consolidation (cont'd)*

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

Business combinations from 1 April 2010 (cont'd)

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

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

(c) *Transactions with non-controlling interests*

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

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

(d) *Business combinations involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as premium reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

2.7 ***Property, plant and equipment***

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

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

Aircrafts – 7 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.8 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Financial instruments*

(a) ***Financial assets***

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

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

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

2.9 *Financial instruments (cont'd)*

(a) ***Financial assets (cont'd)***

Regular way purchase or sale of a financial asset

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

2.11 *Trade and other receivables*

Trade and other receivables, including amounts due from related companies are classified and accounted for as loans and receivables.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.16 below.

2.12 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

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

2.12 *Impairment of financial assets (cont'd)*

(a) *Financial assets carried at amortised cost (cont'd)*

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

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

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

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

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

2.13 *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in the income statement on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted against related expenses.

2.14 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.15 *Borrowing costs*

Borrowing costs are recognised on a time-proportion basis using the effective interest method. Borrowing cost are capitalised if they are directly attributable to the acquisition and construction of a qualifying assets. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sale are in progress and the expenditures and the borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. All other borrowing costs are expensed in the period they occur.

2.16 *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.

Aircraft rental income

Rental income arising from operating leases on aircraft is accounted for on a straight-line basis over the lease terms.

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

2.17 ***Income taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.17 *Income taxes (cont'd)*

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at each balance sheet date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax – Goods and services tax, and value added tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

2.18 *Contingent liabilities*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

2.19 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and 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 Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the 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); and

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Revenue

	Group 2015
	$
Aircraft usage fee	3,773,471

4. Other operating income

Other operating income comprises of write-back of amounts payable to related parties.

5. Loss before taxation

Loss before taxation is stated after charging/(crediting):

	Note	Group 2015
		$
(a) *Other operating income includes*		
Waiver of amounts due to related parties		139,938
(b) *Cost of sales/administrative expense/other operating expenses include*		
Depreciation of property, plant and equipment	7	(3,593,770)
Loss on foreign exchange		(2,178,347)
(c) *Finance costs include*		
Interest paid and payable to:		
- holding company		(5,628)
- banks		(714,928)

6. Tax expense

	Group 2015 $
Deferred tax expense	
- Current year	1,238,749

A reconciliation between taxation and the product of accounting loss multiplied by the applicable tax rate is as follows:

Loss before taxation	(4,552,993)
Taxation at statutory tax rate of 17%	(774,009)
Adjustments:	
Expenses not deductible for tax purposes	2,058,683
Effects of partial tax exemption and tax rebate	(45,925)
	1,238,749

7. Property, plant and equipment

Group	Aircraft $
Cost:	
At 1 April 2014	–
Additions	–
Acquisition of subsidiary	50,755,521
At 31 March 2015	50,755,521
Accumulated depreciation:	
At 1 April 2014	
Charge for the year	3,593,770
Acquisition of subsidiary	4,502,083
At 31 March 2015	8,095,853
Net carrying amount:	
At 31 March 2015	42,659,668

7. Property, plant and equipment (cont'd)

	Motor vehicles	Furniture and fixtures	Computers	Total
	$	$	$	$
Company				
Cost:				
At 1 April 2013	29,127	70,002	29,674	128,803
Disposals	(29,127)	(70,002)	(29,674)	(128,803)
At 31 March 2014, 1 April 2014 and 31 March 2015	–	–	–	–
Accumulated depreciation:				
At 1 April 2013	3,055	4,431	4,811	12,297
Charge for the year	2,102	3,653	3,366	9,121
Disposals	(5,157)	(8,084)	(8,177)	(21,418)
At 31 March 2014, 1 April 2014 and 31 March 2015	–	–	–	–
Net carrying amount:				
At 31 March 2014	–	–	–	–
At 31 March 2015	–	–	–	–

8. Investment in subsidiaries

	Company	
	2015	**2014**
	$	$
Unquoted equity shares, at cost	50,786,894	–
Less: Impairment loss	(100)	–
	50,786,794	–

Details of the significant subsidiaries are as follows:

	Name of company	Country of incorporation	Effective interest held 2015 %	Effective interest held 2014 %
	Held by the Company			
+ ##	Punj Lloyd Aviation Pte Ltd	Singapore	100	–
* ##	Christos Aviation Ltd	Bermuda	100	–
# ^	Punj Lloyd (B) Sdn Bhd	Brunei	100	–

* Not required to be audited by regulations in country of incorporation

\+ Audited by Ernst & Young LLP, Singapore.

\# Incorporated during the year.

\## Acquired during the year.

^ The company has filed for struck off in April 2015.

8. Interests in subsidiaries (cont'd)

Acquisition of subsidiaries

On 30 September 2014, the Group acquired a 100% effective equity interest in two companies, Punj Lloyd Aviation Pte Ltd ("PLAPL") and Christos Aviation Ltd ("CAL") from the Company's related company, both of which are in the business of leasing of aircraft. The acquisitions were recorded using the merger accounting for common control combinations. A premium reserve of $158,412 was created.

The fair values of the identifiable assets and liabilities of PLAPL and CAL as at the acquisition date were:

	Fair value recognised on acquisition
	$
Property, plant and equipment	46,253,438
Amount due from related parties	4,720,429
	50,973,867
Trade and other payables	(28,775)
Net identifiable assets at fair value	50,945,092
Gain on bargain purchase taken to premium reserve	(158,412)
Consideration transferred for the acquisition of PLAPL and CAL	50,786,680

9. Deferred tax liabilities

	At 1.4.2014	**Charged to income statement**	**At 31.3.2015**
	$	$	$
Group			
Deferred tax liabilities			
Differences in depreciation for tax purposes	–	1,238,749	1,238,749

10. Amount due from related parties

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Holding company - current account	580,514	580,154	536,534
Related corporations - current accounts	8,483,027	–	–
Total amount due from related parties	9,063,541	580,154	536,534

The amount due from related parties are trade in nature, unsecured, interest free and repayable on demand.

11. Cash and cash equivalents

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Cash at banks and on hand	130,026	129,888	10

Cash and cash equivalents are denominated in the following foreign currencies:

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Singapore Dollars	354	353	10
United States Dollar	129,672	129,535	–
Total cash and cash equivalents	130,026	129,888	10

12. Bank borrowings

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Current:			
Bank loans:			
- USD loan at LIBOR + 4.5% per annum	54,644,000	54,644,000	–

USD loan at LIBOR + 4.5% per annum

This loan is repayable in 10 equal instalments between 22 September 2016 and 21 December 2018 and bears effective interest at 8.67%.

During the current financial year, the Company breached a covenant of this bank loan as the Company did not fulfil certain financial ratio requirements. The credit line was fully drawn down and presented as current liability at the end of the reporting period. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant. The loan is guaranteed by the holding company, Punj Lloyd Limited.

The bank had not requested for immediate repayment of the outstanding loan amount as at the date when these financial statements were authorised for issue.

13. Trade and other payables

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Current accounts			
Trade payables and accruals	212,231	205,787	8,032

Trade payables are non-interest bearing and are payable on demand.

Trade payables and accruals are denominated in the following foreign currencies:

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Singapore Dollars	17,145	10,725	8,032
United States Dollar	195,086	195,062	–
	212,231	205,787	8,032

14. Amounts due to related parties

	Group	Company	
	2015	**2015**	**2014**
	$	$	$
Short-term loans			
- Holding company	818,745	818,745	–
Current accounts			
- Related companies	76,385	39,880	29,538
	76,385	39,880	29,538
	895,130	858,625	29,538

The amounts due to related parties are interest-free, unsecured and repayable upon demand. The amount due to the holding company bears interest at 14% per annum.

15. Share capital

	Group	
	2015	**2015**
	No. of shares	$
Issued and fully paid : *Ordinary shares*		
At 1 April and 31 March	10	10

	Company			
	2015	**2015**	**2014**	**2014**
	No. of shares	$	No. of shares	$
Issued and fully paid : *Ordinary shares*				
At 1 April and 31 March	10	10	10	10

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. The ordinary shares have no par value.

16. Reserves

Premium reserve

The premium reserve arises from:

(i) Acquisition of controlling interest in a subsidiary from the Company's related companies; being the consideration paid and share of book value of net assets

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Company, as well as on monetary items which form part of the Group's net investment in foreign operations.

17. Significant related party transactions

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

	Group 2015
	$
(a) ***Expenses***	
Holding company	
- interest paid/payable	5,628
(b) ***Income***	
Related company	
- Aircraft usage fees	3,773,471

18. Fair value of financial instruments

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

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

Management has determined that the carrying amounts of cash and cash equivalents, other receivables and deposits, trade and other payables, bank borrowings, due from and to related parties, based on their notional amounts, reasonably approximates their fair values because these are mostly short term in nature or are repriced frequently.

B. ***Classification of financial instruments***

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

	Loans and receivables	**Non-financial assets**	**Total**
	$	$	$
Group			
2015			
Assets			
Property, plant and equipment	–	42,659,668	42,659,668
Other receivables and deposits	12	–	12
Amounts due from related parties	9,063,541	–	9,063,541
Cash and short-term deposits	130,026	–	130,026
	9,193,579	42,659,668	51,853,247

	Financial liabilities at amortised cost	**Non-financial liabilities**	**Total**
	$	$	$
Liabilities			
Bank borrowings	54,644,000	–	54,644,000
Trade and other payables	212,231	–	212,231
Amounts due to related parties	895,130	–	895,130
Deferred tax liabilities	–	1,238,749	1,238,749
	55,751,361	1,238,749	56,990,110

18. Fair value of financial instruments (cont'd)

B. *Classification of financial instruments (cont'd)*

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

	Loans and receivables	Non-financial assets	Total
	$	$	$
Company			
2015			
Assets			
Interest in subsidiaries	–	50,786,794	50,786,794
Amounts due from related parties	580,514	–	580,514
Cash and short-term deposits	129,888	–	129,888
	710,402	50,786,794	51,497,196

	Financial liabilities at amortised cost
	$
Liabilities	
Bank borrowings	54,644,000
Trade and other payables	205,787
Amounts due to related parties	858,625
	55,708,412

19. Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency risk and liquidity risk arises in the normal course of the Group's business. The Group has risk management policies which set out its overall business strategies, its tolerance or risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Group's policy guidelines are adhered to.

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

19. Financial risk management objectives and policies (cont'd)

(a) ***Interest rate risk***

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's floating rate receivables, payables and borrowings.

The Group’s policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks to generate interest income for the Group.

All fixed deposits and trust receipts are at fixed rate and have no exposure to interest rate risk.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax.

	Decrease/(increase) Loss net of tax	
	Increase in 100bp	**Decrease in 100bp**
	$	$
2015		
Bank borrowings	(150,271)	150,271

19. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk***

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currency giving rise to these risks are primarily United State Dollars (USD) and Arab Emirates Dirham (AED).

In respect of monetary assets and liabilities held in currencies other than the Singapore dollars, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD and AED exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2015 $
USD/SGD	- strengthened 3%	(1,890,215)
	- weakened 3%	1,890,215
AED/SGD	- strengthened 3%	(5,376)
	- weakened 3%	5,376

19. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

The Group's cash and cash equivalents, operating cash flows, availability of banking facilities and debt maturity profile are actually managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less	**1 to 5 years**	**Total**
	$	$	$
Group			
2015			
Financial assets:			
Amount due from related parties	9,063,541	–	9,063,541
Cash and short-term deposits	130,026	–	130,026
Total undiscounted financial assets	9,193,567	–	9,193,567
Financial liabilities			
Bank borrowings	57,250,956	–	57,250,956
Trade and other payables	212,231	–	212,231
Amounts due to related parties	895,130	–	895,130
Total undiscounted financial liabilities	58,358,317	–	58,358,317
Net undiscounted financial (liabilities)/assets	(49,164,750)	–	(49,164,750)

19. Financial risk management objectives and policies (cont'd)

(c) ***Liquidity risk (cont'd)***

	1 year or less $	1 to 5 years $	Total $
Company			
2015			
Financial assets:			
Amount due from related parties	580,514	–	580,514
Cash and short-term deposits	129,888	–	129,888
Total undiscounted financial assets	710,402	–	710,402
Financial liabilities			
Bank borrowings	57,250,956	–	57,250,956
Trade and other payables	205,787	–	205,787
Amounts due to related parties	858,625	–	858,625
Total undiscounted financial liabilities	58,315,368	–	58,315,368
Net undiscounted financial (liabilities)	(57,604,966)	–	(57,604,966)

	1 year or less $	1 to 5 years $	Total $
Company			
2014			
Financial assets:			
Amount due from related parties	536,534	–	536,534
Cash and short-term deposits	10	–	10
Total undiscounted financial assets	536,544	–	536,544
Financial liabilities			
Trade and other payables	8,032	–	8,032
Amounts due to related parties	29,538	–	29,538
Total undiscounted financial liabilities	37,570	–	37,570
Net undiscounted financial assets	(498,974)	–	(498,974)

20. Capital management

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

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

The Group is currently in net debt position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Note	Group 2015 $
Bank borrowings	12	54,644,000
Trade and other payables	13	212,231
Amounts due to related parties	14	895,130
Less: Cash and short-term deposits	11	(130,026)
Net debt		55,621,335
Total Equity		(5,136,863)
Capital and net debt		50,484,472
Gearing ratio		N.M

21. Comparative notes

The financial statements of the Company for the financial year ended 31 March 2014 were audited by another firm of Certified Public Accountants.

This being the first set of the financial statements of the Group, there are no comparatives figures.

22. Authorisation of financial statements for issue

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