

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.  
AND ITS SUBSIDIARY**

**(778980 - H)  
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**YONG & LEONARD (AF 0075)  
Chartered Accountants**

Company No.: 778980-H

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
**AND ITS SUBSIDIARY**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
**AND ITS SUBSIDIARY**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the year ended 31 March 2017.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is the construction of pipeline. The principal activities of the Subsidiary are described in Note 6 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

**FINANCIAL RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(loss) for the year	<u>4,866,535</u>	<u>(4,257,456)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

**ISSUE OF SHARES AND DEBENTURES**

The Company did not issue any new shares or debentures during the financial year.

**SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

## DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Atul Punj	
Praveen Kumar Chand Kaushik	(Resigned on 14 February 2017)
Nor Hishammuddin Bin Mohd Nordin	
Atul Kumar Jain	
Ashish Sharma	(Appointed on 14 February 2017)

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in Note 16 to the financial statements) 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.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the directors who held office at the end of the financial year have any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the year ended 31 March 2017, except as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.4.2016	Bought	Sold	At 31.3.2017
<b><u>Direct Interest</u></b>				
Nor Hishammuddin Bin Mohd Nordin	225,000	-	-	225,000
	Number of Ordinary Shares of Indian Rupees 2 Each			
	At 1.4.2016	Bought	Sold	At 31.3.2017
<b><u>Direct Interest – Ultimate Holding Company</u></b>				
<u>Punj Lloyd Limited (India)</u>				
Atul Punj	1,431,360	-	-	1,431,360

By virtue of the above director's shareholdings in the ultimate holding company, they are deemed to have an interest in the ordinary shares of companies under the Punj Lloyd Limited (India) Group of companies to the extent of the ultimate holding company has an interest.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

As of the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the succeeding year.

## **HOLDING COMPANIES**

The immediate and ultimate holding companies of the Company are Punj Lloyd Infrastructure Lte. Ltd. and Punj Lloyd Limited (India), which are incorporated in Singapore and Republic of India respectively.

## **AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 17.1 to the financial statements.

Company No.: 778980-H

## AUDITORS

The auditors, Yong & Leonard, have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 26 April 2017. Signed on behalf of the Board of Directors:



**ASHISH SHARMA**  
Director



**NOR HISHAMMUDDIN BIN MOHD NORDIN**  
Director

Company No.: 778980-H

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
**AND ITS SUBSIDIARY**

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251(2) of the Companies Act, 2016**

The directors of Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd. state that, in opinion of the Directors, the financial statements set out on pages 9 to 36 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and financial performance of the Group and of the Company for the financial year ended 31 March 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,



**ASHISH SHARMA**  
Director



**NOR HISHAMMUDDIN BIN MOHD NORDIN**  
Director

Date: 26 April 2017

**STATUTORY DECLARATION**  
**Pursuant to Section 251 (1) of the Companies Act, 2016**

I, Ashish Sharma, the director primarily responsible for the financial management of Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 36 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

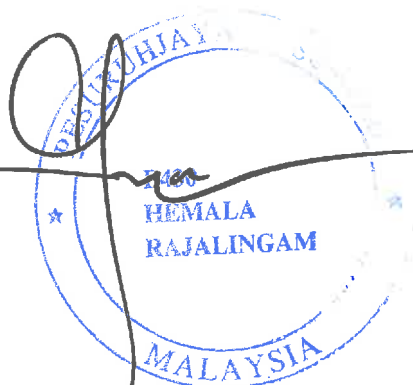
Subscribed and solemnly declared by )  
the above-named Ashish Sharma )  
at Petaling Jaya in the state of Selangor Darul Ehsan )  
on 26 April 2017 )



**ASHISH SHARMA**

Before me,

Commissioner For Oaths



No. 40A, Jalan 52/14  
46200 Petaling Jaya, Selangor  
H/P: 012-6847688

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD. (Company No.: 778980-H)  
(Incorporated in Malaysia)**

**Opinion**

We have audited the financial statements of Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2017 of the Group and of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company 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.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD. (Company No.: 778980-H)  
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**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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 Group's and 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 Group's and 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 auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD. (Company No.: 778980-H)**  
*(Incorporated in Malaysia)*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriated audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**YONG & LEONARD**  
Firm Number: AF 0075  
Chartered Accountants



**LEONG POOI WAH**  
Approval Number: 2228/03/18(J)  
Partner of the Firm

Date: 26 April 2017

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
**AND ITS SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Plant and equipment	5	8,714,829	27,602,637	7,914,659	27,282,267
Investment in subsidiary	6	-	-	1,000,000	1,000,000
		<u>8,714,829</u>	<u>27,602,637</u>	<u>8,914,659</u>	<u>28,282,267</u>
<b>CURRENT ASSETS</b>					
Inventories	7	7,455,228	4,118,386	3,148,394	4,107,154
Amount due from contract customer	8	78,001,899	81,635,130	78,001,899	81,635,130
Other receivables and deposits	9	76,346,138	42,304,870	34,121,706	26,031,783
Fixed deposits with licensed banks	10	12,891,684	12,843,732	12,438,573	12,843,732
Cash and bank balances		87,305,862	4,044,792	3,431,602	3,911,417
		<u>262,000,811</u>	<u>144,946,910</u>	<u>131,142,174</u>	<u>128,529,216</u>
<b>TOTAL ASSETS</b>		<u><u>270,715,640</u></u>	<u><u>172,549,547</u></u>	<u><u>140,056,833</u></u>	<u><u>156,811,483</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Share capital	11	750,000	750,000	750,000	750,000
Retained earnings	12	54,441,513	49,574,978	80,699,278	84,956,734
<b>SHAREHOLDERS' EQUITY</b>		<u>55,191,513</u>	<u>50,324,978</u>	<u>81,449,278</u>	<u>85,706,734</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	13	1,382,505	1,382,505	-	-
		<u>1,382,505</u>	<u>1,382,505</u>	<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>					
Amount due to contract customer	8	88,103,594	73,199,286	-	-
Trade payables	14	110,040,338	40,118,351	43,526,228	65,697,465
Other payables and accruals	15	15,175,249	6,806,786	14,986,919	5,301,268
Provision for taxation		822,441	717,641	94,408	106,016
		<u>214,141,622</u>	<u>120,842,064</u>	<u>58,607,555</u>	<u>71,104,749</u>
<b>NET CURRENT ASSETS</b>		<u>47,859,189</u>	<u>24,104,846</u>	<u>72,534,619</u>	<u>57,424,467</u>
<b>TOTAL LIABILITIES</b>		<u>215,524,127</u>	<u>122,224,569</u>	<u>58,607,555</u>	<u>71,104,749</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>270,715,640</u></u>	<u><u>172,549,547</u></u>	<u><u>140,056,833</u></u>	<u><u>156,811,483</u></u>

The accompanying notes form an integral part of the financial statements.

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
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**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Contract revenue	16	444,137,620	63,973,944	6,180,197	53,724,965
Contract cost		<u>(437,148,045)</u>	<u>(52,631,250)</u>	<u>(5,715,807)</u>	<u>(47,720,138)</u>
Gross profit		6,989,575	11,342,694	464,390	6,004,827
Administrative expenses		(1,259,208)	(42,132,433)	(1,141,637)	-
Operating expenses		(3,574,486)	(7,209,773)	(49,416,986)	(5,585,030)
Other expenses		(2,765,686)	(855)	(2,765,686)	(650,049)
Other operating income		<u>14,728,767</u>	<u>6,886,487</u>	<u>55,364,155</u>	<u>5,885,564</u>
Profit/(Loss) before tax	17	14,118,962	(31,113,880)	2,504,236	5,655,312
Income tax expense	18	<u>(9,252,427)</u>	<u>(1,195,306)</u>	<u>(6,761,692)</u>	<u>195,461</u>
Profit/(Loss) net of tax, representing total comprehensive income for the year		<u>4,866,535</u>	<u>(32,309,186)</u>	<u>(4,257,456)</u>	<u>5,850,773</u>

The accompanying notes form an integral part of the financial statements.

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
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**STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 MARCH 2017**

<u>Group</u>	Share capital RM	<u>Distributable</u> Retained earnings RM	Total RM
As at 1 April 2015	750,000	81,884,164	82,634,164
Loss for the year	-	(32,309,186)	(32,309,186)
As at 31 March 2016	750,000	49,574,978	50,324,978
Profit for the year	-	4,866,535	4,866,535
As at 31 March 2017	<u>750,000</u>	<u>54,441,513</u>	<u>55,191,513</u>
<u>Company</u>	Share capital RM	<u>Distributable</u> Retained earnings RM	Total RM
As at 1 April 2015	750,000	79,105,961	79,855,961
Profit for the year	-	5,850,773	5,850,773
As at 31 March 2016	750,000	84,956,734	85,706,734
Loss for the year	-	(4,257,456)	(4,257,456)
As at 31 March 2017	<u>750,000</u>	<u>80,699,278</u>	<u>81,449,278</u>

The accompanying notes form an integral part of the financial statements.

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	14,118,962	(31,113,880)	2,504,236	5,655,312
Adjustments for:				
Bad debts written off	3,637,281	-	3,637,281	-
Interest income	(513,058)	(441,732)	(393,368)	(441,732)
Interest expenses	-	650,049	-	650,049
Depreciation of plant and equipment	11,389,228	15,066,248	11,180,454	15,041,403
Gain on disposal of fixed assets	(5,263,592)	(782,608)	(5,263,592)	(782,608)
Impairment loss on amount due from related companies	-	42,039,750	-	-
Unrealised exchange (gain)/loss	(5,324,618)	(3,553,133)	(439,598)	(789,376)
Operating profit before working capital changes	18,044,203	21,864,694	11,225,413	19,333,048
(Increase)/Decrease in inventories	(3,336,842)	330,384	958,760	341,616
(Increase)/Decrease in amount due from customer on contract	(10,682,980)	5,057,840	(10,682,980)	5,057,840
Increase in trade receivables, other receivables and deposits	(36,655,449)	(55,800,523)	(11,727,204)	(12,969,901)
Increase/(Decrease) in amount due to customer on contract	14,904,308	(10,044,512)	-	-
Increase/(Decrease) in trade and other payables and accruals	93,082,292	(41,661,747)	2,326,765	(15,058,508)
Cash generated from/(used in) operations	75,355,532	(80,253,864)	(7,899,246)	(3,295,905)
Interest received	119,690	-	-	-
Interest paid	-	(650,049)	-	(650,049)
Tax paid	(9,147,627)	(51,317)	(6,773,300)	-
Net cash generated from/(used in) operating activities	66,327,595	(80,955,230)	(14,672,546)	(3,945,954)

The accompanying notes form an integral part of the financial statements.

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of plant and equipment	(688,574)	(350,075)	-	(4,860)
Proceeds from disposal of plant and equipment	13,450,746	3,124,300	13,450,746	3,124,300
Net (placement)/withdrawal of fixed deposits	(1,403,388)	65,894,475	(950,277)	(1,374,175)
Interest received	393,368	441,732	393,368	441,732
Net cash generated from investing activities	<u>11,752,152</u>	<u>69,110,432</u>	<u>12,893,837</u>	<u>2,186,997</u>
Net increase/(decrease) in cash and cash equivalents	78,079,747	(11,844,798)	(1,778,709)	(1,758,957)
Cash and cash equivalents at beginning of the year	5,400,228	17,042,661	5,266,853	6,823,445
Effect of foreign exchange rates changes	3,825,887	202,365	(56,542)	202,365
Cash and cash equivalents at end of the year	<u>87,305,862</u>	<u>5,400,228</u>	<u>3,431,602</u>	<u>5,266,853</u>
<b>Cash and cash equivalents comprise:</b>				
Fixed deposits with licensed bank	12,891,684	4,044,792	12,438,573	12,843,732
Cash and bank balances	87,305,862	12,843,732	3,431,602	3,911,417
	100,197,546	16,888,524	15,870,175	16,755,149
Fixed deposits pledged to licensed bank	(12,891,684)	(11,488,296)	(12,438,573)	(11,488,296)
	<u>87,305,862</u>	<u>5,400,228</u>	<u>3,431,602</u>	<u>5,266,853</u>

The accompanying notes form an integral part of the financial statements.

**PUNJ LLOYD OIL & GAS (MALAYSIA) SDN. BHD.**  
*(Incorporated in Malaysia)*  
**AND ITS SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**1 GENERAL INFORMATION**

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at Lot 6.05 Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor.

The immediate and ultimate holding companies are Punj Lloyd Infrastructure Pte. Ltd. and Punj Lloyd Limited (India), which are incorporated in Singapore and Republic of India respectively. Related companies refer to companies within the Punj Lloyd Limited (India) Group.

The principal activity of the Company is the construction of pipeline. The principal activity of subsidiary is as set out in Note 6.

There have been no significant change in the nature of the principal activity during the financial year.

The financial statements of the Group and of the Company are presented in the functional currency of Ringgit Malaysia, which is the currency of the primary economic environment in which the entity operates.

**2 ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS**

**2.1 AMENDMENTS TO MFRS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR**

During the financial year, the Company has adopted the following new and revised Malaysian Financial Reporting Standards and the Interpretations (collectively "MFRSs"), issued by the MASB that are relevant to its operations and effective for annual financial periods beginning on or after 1 April 2016:

Annual improvements to mfrss 2012 - 2014 Cycle  
Amendments to MFS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants  
Amendments to MFRS 101: Disclosure Initiatives  
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company.



**2.2 NEW AND REVISED MFRSS IN ISSUE BUT NOT YET EFFECTIVE**

As at the date of authorisation for issue of the financial statements, the following MFRSs applicable to the Group and of the Company were in issue but not yet effective:

<b>Description</b>		<b>Effective Date</b>
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers and Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 107	Statements of Cash Flows - Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112	Recognition of Deferred Tax Assets for Unrealised losses (Amendments to MFRS 112)	1 January 2017
IC Int. 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRSs 2014 - 2016 Cycle		

**i) MFRS 15 Revenue From Contracts With Customers**

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which 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.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. When “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company is currently assessing the impact the new standard on the required effective date.

**ii) MFRS 9 Financial Instruments**

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 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 adoption of MFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but no impact on the classification and measurement of the Company’s financial liabilities.

**iii) IC Interpretation 22**

This Interpretation addresses the diversity in practice as to the exchange rate used when reporting transactions that are denominated in a foreign currency in accordance with MFRS 21 The Effects of Changes in Foreign Exchange Rates in circumstances in which consideration is received or paid in advance of the recognition of the related asset, expense or income.

The clarification provided is that in such circumstances (i.e. When an entity pays or receives consideration in advance in a foreign currency), the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration (i.e. When the prepayment or income received

in advance liability was recognised). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The amendments apply to annual periods beginning on or after 1 January 2018 with earlier application permitted. A choice is available as to whether the amendments are to be applied either retrospectively or prospectively. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the MFRSs and IFRSs and the provisions of the Companies Act, 2016.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. The principal accounting policies adopted are set out below:

#### 3.1 BASIS OF CONSOLIDATION

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

The Group controls an investee if and only if the Group has all the following:

- i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ii) Exposure, or rights, to variable returns from its investment with the investee; and
- iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- ii) Potential voting rights held by the Group, other vote holders or other parties;
- iii) Rights arising from other contractual arrangements; and
- iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The subsidiary is consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Changes in the Group's ownership interests in the subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

### **Business combinations**

Acquisitions of a subsidiary is accounted for using the acquisition method.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

## **3.2 PLANT AND EQUIPMENT**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on a straight-line method so as to write off the cost or valuation of the assets over their estimated useful lives, as follows:

	<u>Rate</u>
Furniture and fittings	10%- 20%
Office and computer equipment	10% - 40%
Plant and machineries	14%
Motor vehicles	20%

Depreciation of an asset begins when it is ready for its intended use.

The residual values and the useful lives of assets, if significant, are reviewed at each reporting date.

The gain or loss arising from the derecognition of an asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, are recognised in profit or loss.

### **3.3 IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting date, the Group and the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Group and the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset, other than goodwill, is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in profit or loss, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

### **3.4 INVESTMENT IN SUBSIDIARY**

In the Company's separate financial statements, investment in a subsidiary is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### **3.5 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, where applicable, that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### **3.6 CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash in hand, bank balances and demand deposits with original maturities of 3 months or less.

### **3.7 CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the surplus is classified as amount due from contracts customers. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the surplus is classified as amount due to contracts customers.

### **3.8 FINANCIAL ASSETS**

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the provisions of the financial instrument.

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.

The Group and the Company determines the classification of their financial assets at initial recognition. Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. All financial assets of the Group and of the Company are classified as loans and receivables. All loans and receivables are classified as current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

#### ***i) Impairment Of Financial Assets***

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial assets is impaired.

Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period and observable changes in economic conditions.

If any such evidence exists, the amount of impairment loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial assets is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases as a result of 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 profit or loss.

**ii) *Derecognition Of Financial Assets***

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

**3.9 EQUITY INSTRUMENTS**

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

**3.10 FINANCIAL LIABILITIES**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**i) *Other Financial Liabilities***

The Group and the Company's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation specified in the contract is discharged, 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 profit or loss.

**3.11 REVENUE**

**i) *Construction contracts***

Revenue from construction contracts is accounted for by the stage of completion method as described in note 3.7.

**ii) *Consultancy Fee***

Consultancy fees are recognised when services are rendered.

**iii) Interest Income**

Interest income is recognised using the effective interest method, and accrued on a time basis.

**3.12 FOREIGN CURRENCY**

**i) Functional and presentation currency**

The financial statements are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at that date. Non-monetary items denominated in foreign currencies that are measured at historical cost are not retranslated. Non-monetary items denominated in foreign currencies measured at fair value are retranslated 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 reporting date are recognised in profit or loss.

**3.13 EMPLOYMENT BENEFITS**

**i) Short-Term Employment Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and of the Company.

**ii) Defined Contribution Plan**

The Group and of the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund (“EPF”) in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**3.14 INCOME TAX**

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are charged or credited to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity.

Current tax liabilities are measured based on the amounts expected to be paid, using the tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences which are the differences between the carrying amount in the financial statements and the corresponding tax base of an asset or liability at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from goodwill and for initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit. Deferred tax

liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities and are measured using the tax rates that have been enacted or substantially enacted by the reporting date.

The carrying amount of the deferred tax assets are reviewed at each reporting date, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

### 3.15 FAIR VALUE MEASUREMENT

The Group and the Company measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation techniques. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use if relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and non-recurring measurement.



External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge reputation, independence and whether discussion with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group and the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **3.16 CURRENT VERSUS NON-CURRENT CLASSIFICATION**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

### **4.1 CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES**

There were no significant judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements during the current financial year.

### **4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumption 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 is discussed below.

**i) Construction contract**

The Group and the Company recognise construction contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction project. In making the judgement, the Group and the Company evaluate based on experience and by relying on the work of specialists.

**ii) Income Taxes**

Significant estimation is involved in determining the provision for income taxed. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise 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. Details of income tax expenses are disclosed in Note 18.

**iii) Deferred Tax Assets**

Deferred tax assets have not been recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**5 PLANT AND EQUIPMENT**

Group	As at 1 April 2016 RM	Additions RM	Disposals RM	As at 31 March 2017 RM
<b><u>Cost</u></b>				
Furniture and fixtures	796,556	592,002	(76,500)	1,312,058
Motor vehicles	11,350,299	-	(7,462,750)	3,887,549
Plant and machineries	100,466,252	96,572	(32,743,559)	67,819,265
	<u>112,613,107</u>	<u>688,574</u>	<u>(40,282,809)</u>	<u>73,018,872</u>
	As at 1 April 2016 RM	Charges for the year RM	Disposals RM	As at 31 March 2017 RM
<b><u>Accumulated Depreciation</u></b>				
Furniture and fixtures	497,165	170,159	(515,315)	612,009
Motor vehicles	10,997,133	71,814	(7,195,816)	3,873,131
Plant and machineries	73,516,172	11,147,255	(24,844,524)	59,818,903
	<u>85,010,470</u>	<u>11,389,228</u>	<u>(32,095,655)</u>	<u>64,304,043</u>

			2017 RM	2016 RM
<b><u>Carrying Amounts</u></b>				
Furniture and fixtures			700,049	299,391
Motor vehicles			14,418	353,166
Plant and machineries			8,000,362	26,950,080
			<u>8,714,829</u>	<u>27,602,637</u>
<b>Company</b>	<b>As at 1 April 2016 RM</b>	<b>Additions RM</b>	<b>Disposals RM</b>	<b>As at 31 March 2017 RM</b>
<b><u>Cost</u></b>				
Furniture and fixtures	762,025	-	(76,500)	685,525
Motor vehicles	11,350,299		(7,462,750)	3,887,549
Plant and machineries	100,155,568	-	(32,743,559)	67,412,009
	<u>112,267,892</u>	<u>-</u>	<u>(40,282,809)</u>	<u>71,985,083</u>
	<b>As at 1 April 2016 RM</b>	<b>Charges for the year RM</b>	<b>Disposals RM</b>	<b>As at 31 March 2017 RM</b>
<b><u>Accumulated Depreciation</u></b>				
Furniture and fixtures	496,633	76,522	(55,315)	517,840
Motor vehicles	10,997,133	71,814	(7,195,816)	3,873,131
Plant and machineries	73,491,859	11,032,118	(24,844,524)	59,679,453
	<u>84,985,625</u>	<u>11,180,454</u>	<u>(32,095,655)</u>	<u>64,070,424</u>
			2017 RM	2016 RM
<b><u>Carrying Amounts</u></b>				
Furniture and fixtures			167,685	265,392
Motor vehicles			14,418	353,166
Plant and machineries			7,732,556	26,663,709
			<u>7,914,659</u>	<u>27,282,267</u>

**6 INVESTMENT IN SUBSIDIARY**

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	<u>1,000,000</u>	<u>1,000,000</u>

Details of the Company's Subsidiary are as follows:

Name of Subsidiary	Country of incorporation	Principal activities	% of the ownership interest held by the Group	
			2017	2016
*Punj Lloyd Sdn. Bhd.	Malaysia	To provide engineering, procurement and construction services.	100%	100%

\* The financial statements of the company are audited by Yong and Leonard.

**7 INVENTORIES**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost:				
Spare parts and materials	<u>7,455,228</u>	<u>4,118,386</u>	<u>3,148,394</u>	<u>4,107,154</u>

**8 AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Construction costs incurred to date	2,823,070,050	2,386,112,823	2,381,438,821	2,375,723,014
Attributable profits	<u>250,940,757</u>	<u>243,760,369</u>	<u>243,483,679</u>	<u>243,019,289</u>
	3,074,010,807	2,629,873,192	2,624,922,500	2,618,742,303
Add: Costs incurred relating to future activity	<u>13,160,524</u>	<u>20,578,090</u>	-	-
	3,087,171,331	2,650,451,282	2,624,922,500	2,618,742,303
Less: Progress billings to date	<u>(3,097,273,026)</u>	<u>(2,642,015,438)</u>	<u>(2,546,920,601)</u>	<u>(2,537,107,173)</u>
	<u>(10,101,695)</u>	<u>8,435,844</u>	<u>78,001,899</u>	<u>81,635,130</u>
<b>Presented as:</b>				
Amount due from contract customers	78,001,899	81,635,130	78,001,899	81,635,130
Amount due to contract customers	<u>(88,103,594)</u>	<u>(73,199,286)</u>	-	-
	<u>(10,101,695)</u>	<u>8,435,844</u>	<u>78,001,899</u>	<u>81,635,130</u>

**9 OTHER RECEIVABLES AND DEPOSITS**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits	1,804,223	393,447	151,650	159,650
Advances to suppliers	39,791,387	956,211	958,845	956,211
Other receivables	29,085	1,003,695	29,085	810,607
Amount due from ultimate holding company	526,168	15,841,282	-	-
Amount due from immediate holding company	32,982,126	19,717,024	32,982,126	19,717,024
Loan to related company	-	32,281,500	-	-
Amount due from related companies	<u>1,213,149</u>	<u>14,151,461</u>	<u>-</u>	<u>4,388,291</u>
At end of year	76,346,138	84,344,620	34,121,706	26,031,783
Less: Allowance for impairment	<u>-</u>	<u>(42,039,750)</u>	<u>-</u>	<u>-</u>
	<u><u>76,346,138</u></u>	<u><u>42,304,870</u></u>	<u><u>34,121,706</u></u>	<u><u>26,031,783</u></u>

**Amount due from ultimate holding, immediate holding and related companies**

The amount due from ultimate holding, immediate holding and related companies are unsecured, non-interest bearing and repayable on demand.

**Loan to related company**

In the previous financial year, loan to a related company bears interest at 6% per annum, is unsecured and repayable on demand.

Other receivables that are impaired:

	Group	
	2017 RM	2016 RM
Movement in allowance accounts:		
At 1 April	42,039,750	-
Written off against amount due from related companies	<u>(42,039,750)</u>	<u>42,039,750</u>
At 31 March	<u><u>-</u></u>	<u><u>42,039,750</u></u>

During the financial year, an amount of RM3,637,281 (2016: Nil) was written off against amount due from related companies (Note 17.1).

**10 FIXED DEPOSITS WITH LICENSED BANKS**

Included in fixed deposits are amounts RM12,891,684 (2016: RM11,488,296) and RM12,438,573 (2016: RM11,488,296) being pledged to licensed banks as security against bank guarantees provided to the Group and to the Company respectively.

**11 SHARE CAPITAL**

	Number of shares		2017 RM	2016 RM
	2017 Units	2016 Units		
<b>Authorised:</b>				
Ordinary shares of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of RM1 each	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>

**12 RETAINED EARNINGS**

The Company may distribute dividends out of its entire retained earnings as at 31 March 2017 and 31 March 2016 under the single tier system.

**13 DEFERRED TAX LIABILITIES**

The Group's and the Company's deferred tax as at 31 March 2017 relates to the following:

Group	At 1 April 2015 RM	Charge / (credit) to profit or loss RM	At 31 March 2016 RM	Charge / (credit) to profit or loss RM	At 31 March 2017 RM
<b><u>Deferred Tax Liabilities</u></b>					
Plant and equipment	9,843,071	(3,827,207)	6,015,864	(4,068,257)	1,947,607
Unrealised foreign exchange gains	<u>622,815</u>	<u>948,858</u>	<u>1,571,673</u>	<u>(293,765)</u>	<u>1,277,908</u>
	<u>10,465,886</u>	<u>(2,878,349)</u>	<u>7,587,537</u>	<u>(4,362,022)</u>	<u>3,225,515</u>
<b><u>Deferred Tax Assets</u></b>					
Unutilised capital allowances	-	(18,610)	(18,610)	18,610	-
Unutilised business losses	<u>(9,843,071)</u>	<u>3,656,649</u>	<u>(6,186,422)</u>	<u>4,343,412</u>	<u>(1,843,010)</u>
	<u>(9,843,071)</u>	<u>3,638,039</u>	<u>(6,205,032)</u>	<u>4,362,022</u>	<u>(1,843,010)</u>
Total	<u>622,815</u>	<u>759,690</u>	<u>1,382,505</u>	<u>-</u>	<u>1,382,505</u>

Company	At 1 April 2015 RM	Charge / (credit) to profit or loss RM	At 31 March 2016 RM	Charge / (credit) to profit or loss RM	At 31 March 2017 RM
<b><u>Deferred Tax Liabilities</u></b>					
Plant and equipment	9,843,071	(3,846,099)	5,996,972	(4,259,465)	1,737,507
Unrealised foreign exchange gains	-	189,450	189,450	(83,947)	105,503
	<u>9,843,071</u>	<u>(3,656,649)</u>	<u>6,186,422</u>	<u>(4,343,412)</u>	<u>1,843,010</u>
<b><u>Deferred Tax Assets</u></b>					
Unutilised business losses	(9,843,071)	3,656,649	(6,186,422)	4,343,412	(1,843,010)
	<u>(9,843,071)</u>	<u>3,638,039</u>	<u>(6,186,422)</u>	<u>4,343,412</u>	<u>(1,843,010)</u>
Total	-	-	-	-	-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,843,010)	(6,205,032)	(1,843,010)	(6,186,422)
Deferred tax liabilities	<u>3,225,515</u>	<u>7,587,537</u>	<u>1,843,010</u>	<u>6,186,422</u>
At end of year	<u>1,382,505</u>	<u>1,382,505</u>	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group/Company	
	2017 RM	2016 RM
Unutilised tax losses	<u>25,500,000</u>	<u>9,318,009</u>

Deferred tax assets have not been recognised for the items above as the Company and the Group could not anticipate their realisation.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**14 TRADE PAYABLES**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Third parties	100,817,150	15,045,285	-	14,151,557
Amount due to ultimate holding company	695,084	664,527	695,084	664,527
Amount due to related companies	8,528,104	24,408,539	8,528,104	24,406,208
Amount due to subsidiary	-	-	34,303,040	26,475,173
At end of year	<u>110,040,338</u>	<u>40,118,351</u>	<u>43,526,228</u>	<u>65,697,465</u>

**Trade Payables**

The normal trade credit terms granted to the Company ranges from 30 to 60 days.

During the financial year, an amount of RM14,316,211 (2016: RMNil) of the Group and of the Company have been derecognised on grounds that the liabilities have been discharged by a related company in relation to contract cost incurred previously.

**Amount due to ultimate holding and related companies**

The amount due to ultimate holding company, related companies and subsidiary are trade in nature, unsecured, non-interest bearing and repayable on demand.

**15 OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Accruals	7,834,135	1,583,885	7,645,805	121,181
Other payables	<u>7,341,114</u>	<u>5,222,901</u>	<u>7,341,114</u>	<u>5,180,087</u>
At end of year	<u>15,175,249</u>	<u>6,806,786</u>	<u>14,986,919</u>	<u>5,301,268</u>

**Amount due to ultimate holding and related companies**

The amount due to ultimate holding and related companies are unsecured, non-interest bearing and repayable on demand.

**Amount due to subsidiary**

The amount due to subsidiary is unsecured, non-interest bearing and repayable on demand.

**16 REVENUE**

Revenue is recognised by reference to the stage of completion from contract customers.



**17 PROFIT/(LOSS) BEFORE TAX****17.1 DISCLOSURE ITEMS**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
This is stated after charging:				
Auditors' remuneration	60,000	179,576	30,000	129,707
Bad debts written off (Note 9)	3,637,281	-	3,637,281	-
Consultancy fee paid to directors	20,000	(1,395,850)	-	(25,000)
Depreciation of plant and equipment	11,389,228	15,066,248	11,180,454	15,041,403
Directors' remuneration (Note 17.3)	-	1,371,790	-	1,371,790
Employee benefits expenses (Note 17.2)	49,985,265	23,026,804	46,295,877	21,351,112
Realised foreign exchange losses	-	840,253	-	-
Rental of premises	836,231	712,654	213,300	96,455
Rental of equipment	-	678,580	-	678,580
Rental of motor vehicles	-	589,493	-	589,493
Bank guarantee fee	6,081,128	120,998	-	-
Impairment loss on amount due from related companies	-	42,039,750	-	-
And crediting:				
Consultancy income	(3,623,538)	-	(49,267,597)	-
Gain on disposal of fixed assets	(5,263,592)	(782,608)	(5,263,592)	(782,608)
Interest income	(513,058)	(441,732)	(393,368)	(441,732)
Scrap Sales	(3,961)	-	-	-
Unrealised foreign exchange gain	(5,324,618)	(3,553,133)	(439,598)	(789,376)

**17.2 EMPLOYEES BENEFITS EXPENSES**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and wages	49,203,334	21,871,461	45,932,145	20,371,820
Contribution to defined contribution plan	470,526	575,636	52,327	399,585
Other employees benefits	311,405	579,707	311,405	579,707
	<u>49,985,265</u>	<u>23,026,804</u>	<u>46,295,877</u>	<u>21,351,112</u>

**17.3 DIRECTORS' REMUNERATION**

	Group/Company	
	2017 RM	2016 RM
Salaries and other emoluments	-	1,371,790

**18 INCOME TAX EXPENSE**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current tax expense</b>				
-Current year	2,372,441	717,641	94,408	106,016
-Under/(Over) provision in prior years	6,879,986	(282,025)	6,667,284	(301,477)
	<u>9,252,427</u>	<u>435,616</u>	<u>6,761,692</u>	<u>(195,461)</u>
<b>Deferred tax expenses (Note 13)</b>				
-Current year	510,811	663,735	-	-
-(Over) / under provision in prior years	(510,811)	95,955	-	-
	<u>-</u>	<u>759,690</u>	<u>-</u>	<u>-</u>
Total income tax expense/(income)	<u>9,252,427</u>	<u>1,195,306</u>	<u>6,761,692</u>	<u>(195,461)</u>

The income tax expense is reconciled to the accounting profit/(loss) at the applicable tax rate as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(loss) before tax	14,118,962	(31,113,880)	2,504,236	5,655,312
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	3,388,551	(7,467,331)	601,017	1,357,275
Tax effects of:				
Non-deductible expenses	121,676	10,633,394	120,366	533,428
Deferred tax liabilities/(assets) recognised on unutilised business losses	(626,975)	(1,784,687)	(626,975)	(1,784,687)
(Over)/Under provision of deferred income tax in prior years	(510,811)	95,955	-	-
Under/(Over) provision in prior years	6,879,986	(282,025)	6,667,284	(301,477)
Total income tax expense	<u>9,252,427</u>	<u>1,195,306</u>	<u>6,761,692</u>	<u>(195,461)</u>

The statutory tax rate for the subsidiary of the Group for the years ended 31 March 2017 is 24% (31 March 2016: 24%)

**19 RELATED PARTY TRANSACTIONS**

In addition to the related party transactions disclosed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Subsidiary company:</b>				
Consultancy fee paid/payable	-	-	(151,683)	(1,151,436)
Consultancy fee received/receivable	-	-	45,986,560	4,661,824
Loan interest paid/payable	-	-	-	(650,049)
<b>Ultimate holding company:</b>				
Sale of fixed assets	(1,063,374)	(174,940)	(1,063,374)	(174,940)
License fees payable	-	(906,073)	-	(803,583)
<b>Related companies:</b>				
Sale of fixed assets	(1,369,034)	(1,333,464)	(1,369,034)	(1,333,464)
<b>Related parties:</b>				
Consultancy fee paid to directors	(20,000)	(1,395,850)	-	(25,000)

The transactions were undertaken at mutually agreed terms between the parties in the normal course of business. There is no compensation for key management personnel who are Directors of the Company.

The remuneration of the key management personnel who are the directors of the Group and the Company are disclosed in Note 17.3.

**20 FINANCIAL INSTRUMENTS**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of the Group's and of the Company's financial assets and liabilities based on their notional amounts, reasonably approximate their fair values either due to their short-term nature or repayable on demand term.

**20.1 CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2016 and 31 March 2017.

The Group monitors capital using the net tangible assets value of the Group, which is total tangible assets less total liabilities of the Group and. The net tangible liabilities values of the Group as at 31 March 2016 and 31 March 2017 were RM50,324,978 and RM55,191,513 respectively.

**20.2 CATEGORIES OF FINANCIAL INSTRUMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>				
Cash and bank balance	87,305,862	4,044,792	3,431,602	3,911,417
Fixed deposits with licensed banks	12,891,684	12,843,732	12,438,573	12,843,732
At amortised cost:				
Loans and receivables				
Other receivables and deposits	76,346,138	42,304,870	34,121,706	26,031,783
	<u>76,346,138</u>	<u>42,304,870</u>	<u>34,121,706</u>	<u>26,031,783</u>
<b>Financial liabilities</b>				
At amortised cost:				
Other financial liabilities				
Trade payables	(110,040,338)	(40,118,351)	(43,526,228)	(65,697,465)
Other payables and accruals	(15,175,249)	(6,806,786)	(14,986,919)	(5,301,268)
	<u>(15,175,249)</u>	<u>(6,806,786)</u>	<u>(14,986,919)</u>	<u>(5,301,268)</u>

**20.3 CREDIT RISK**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from the amounts due from the ultimate holding, immediate holding and related companies and advances to suppliers. For other financial assets (including fixed deposits and cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

**20.4 LIQUIDITY RISK**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group also maintains sufficient levels of cash to meet its working capital requirement.

**20.5 INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate.

The Group's exposure to interest rate risk arises from its interest-bearing financial assets which are short-term in nature and placed in fixed deposits at agreed fixed rates. As the interest-bearing financial assets are at fixed rates, the Group's profit and reserves are not sensitive to the market movement in interest rates.

**20.6 FOREIGN CURRENCY RISK**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to United States Dollar (“USD”), United Arab Emirates Dirham (“AED”), Kuwaiti Dinar (“KWD”), Singapore Dollar (“SGD”) and Qatari Rial (“QAR”).

Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash and cash equivalents</b>				
- USD	56,443,089	222,596	1,144,519	202,895
<b>Other receivables</b>				
- USD	20,117,464	196,438	-	196,438
<b>Amount due from/(to) holding companies</b>				
- USD	(141,545)	16,643,399	-	-
- INR	695,081	-	695,081	-
- SGD	(32,982,126)	-	(32,982,126)	-
<b>Amount due from/(to) related company</b>				
- AED	7,064,108	-	7,064,459	-
- THB	-	4,388,291	-	4,388,291
- USD	2,306,927	45,238,603	1,086,625	-
- SGD	-	19,717,024	-	19,717,024
- KWD	(16,234)	-	-	-
- IDR	445,550	-	445,550	-
- QAR	(16,222)	-	-	-
<b>Trade payables</b>				
- USD	(12,591,034)	-	(2,326,644)	-

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonable possible change in USD exchange rate against the respective functional currencies of the Company entities, with all other variables held constant.

		<b>Group</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b><i>RM</i></b>	<b><i>RM</i></b>	<b><i>RM</i></b>	<b><i>RM</i></b>
USD/RM	- strengthened 3%	1,984,047	2,592,191	(2,865)	735,139
	- weakened 3%	<u>(1,984,047)</u>	<u>(2,592,191)</u>	<u>2,865</u>	<u>(735,139)</u>
SGD/RM	- strengthened 3%	(989,464)	-	(989,464)	-
	- weakened 3%	<u>989,464</u>	<u>-</u>	<u>989,464</u>	<u>-</u>
AED/RM	- strengthened 3%	211,923	-	211,934	-
	- weakened 3%	<u>(211,923)</u>	<u>-</u>	<u>(211,934)</u>	<u>-</u>

**21 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements of the Company were authorised for issue by the Board of Directors on 26 April 2017.