

Registration No. 200604327K

Punj Lloyd Pte Ltd

Audited Financial Statements  
31 March 2015

## **Punj Lloyd Pte Ltd**

### **General Information**

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#### **Directors**

Atul Punj  
Jayarama Prasad Chalasani  
Nidhi Kumar Narang (appointed on 20 April 2015)  
Luv Chhabra (resigned on 10 April 2015)

#### **Secretaries**

Abdul Jabbar Bin Karam Din  
Loh Lee Eng

#### **Registered Office**

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

#### **Bankers**

Citibank N.A.  
DBS Bank Ltd  
Hongkong and Shanghai Banking Corporation Limited  
State Bank of India  
Standard Chartered Bank  
UCO Bank  
Bank of America

#### **Auditor**

Ernst & Young LLP

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**Punj Lloyd Pte Ltd**

**Statement by Directors**

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We, Jayarama Prasad Chalasani and Nidhi Kumar Narang, being two of the directors of Punj Lloyd Pte Ltd (the "Company"), do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheet, income statement, statement of comprehensive income, statement of changes in equity, and 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 Company as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the ultimate holding company has agreed to provide continuing financial support to the Company.

On behalf of the board of directors:

Jayarama Prasad Chalasani  
Director

Nidhi Kumar Narang  
Director

Singapore  
20 May 2015

**Punj Lloyd Pte Ltd**

**Independent Auditor's Report  
For the financial year ended 31 March 2015**

**Independent Auditor's Report to the Members of Punj Lloyd Pte Ltd**

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**Report on the financial statements**

We have audited the accompanying financial statements of the Punj Lloyd Pte Ltd (the "Company") set out on pages 3 to 49, which comprise the balance sheet as at 31 March 2015, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the financial 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 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 the 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.

***Opinion***

In our opinion, the financial statements of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to present fairly, in all material aspects, the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

20 May 2015

**Punj Lloyd Pte Ltd**

**Income Statement  
For the financial year ended 31 March 2015**

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|                             | <b>Note</b> | <b>2015</b><br>\$'000 | <b>2014</b><br>\$'000 |
|-----------------------------|-------------|-----------------------|-----------------------|
| <b>Revenue</b>              | 3           | 273,014               | 224,599               |
| Cost of sales               |             | (274,737)             | (237,420)             |
| <b>Gross loss</b>           |             | (1,723)               | (12,821)              |
| Other operating income      |             | 1,640                 | 15,256                |
| Administrative expenses     |             | (41,267)              | (26,137)              |
| Finance costs               |             | (13,493)              | (13,892)              |
| <b>Loss before taxation</b> | 4           | (54,843)              | (37,594)              |
| Taxation                    | 5           | (211)                 | 480                   |
| <b>Loss for the year</b>    |             | (55,054)              | (37,114)              |

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

**Punj Lloyd Pte Ltd**

**Statement of Comprehensive Income  
For the financial year ended 31 March 2015**

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|   | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
|   | \$'000      | \$'000      |
| <b>Loss for the year</b>  | (55,054)    | (37,114)    |
| <b>Other comprehensive income:</b>  |             |             |
| Net gain on available-for-sale financial assets   | 1,641       | 2,446       |
| Impairment loss on available-for-sale financial asset transferred to the income statement | —           | 3,739       |
| Other comprehensive loss for the year, net of tax   | 1,641       | 6,185       |
| <b>Total comprehensive income for the year</b>  | (53,413)    | (30,929)    |

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

**Punj Lloyd Pte Ltd**

**Balance Sheet  
As at 31 March 2015**

|  | Note | 2015<br>\$'000 | 2014<br>\$'000 |
|--|------|----------------|----------------|
| <b>ASSETS</b>  |      |                |                |
| <b>Non-current assets</b>                                  |      |                |                |
| Plant and equipment  | 6    | 2,536          | 2,744          |
| Investment in subsidiaries                                 | 7    | 124,810        | 200,277        |
| Available-for-sale financial assets                        | 8    | 6,367          | 6,823          |
| Prepayments  |      | –              | 1,686          |
|  |      | 133,713        | 211,530        |
| <b>Current assets</b>                                      |      |                |                |
| Inventories and construction work-in-progress              | 10   | 1,932          | 8,448          |
| Trade receivables  | 11   | 296            | 9,680          |
| Other receivables and deposits                             | 12   | 9,094          | 14,442         |
| Prepayments  |      | 2,400          | 1,938          |
| Amounts due from related parties                           | 14   | 133,472        | 151,615        |
| Pledged deposits   | 13   | 3,050          | 6,079          |
| Cash and short-term deposits                               | 15   | 9,899          | 1,914          |
|  |      | 160,143        | 194,116        |
| <b>Total assets</b>  |      | 293,856        | 405,646        |
| <b>EQUITY AND LIABILITIES</b>                              |      |                |                |
| <b>Current liabilities</b>                                 |      |                |                |
| Bank borrowings  | 16   | 80,475         | 57,127         |
| Bank overdrafts  | 16   | 865            | 883            |
| Progress claims in excess of construction work-in-progress | 10   | 5,354          | 6,810          |
| Trade and other payables                                   | 17   | 37,483         | 41,015         |
| Amounts due to related parties                             | 18   | 307,220        | 314,939        |
| Current tax payable  |      | 3,608          | 3,608          |
|  |      | 435,005        | 424,382        |
| <b>Net current liabilities</b>                             |      | (255,862)      | (230,266)      |
| <b>Non-current liabilities</b>                             |      |                |                |
| Deferred tax liabilities                                   | 9    | 258            | 258            |
| Bank borrowings  | 16   | –              | 19,000         |
|  |      | 258            | 19,258         |
| <b>Total liabilities</b>                                   |      | 435,263        | 443,640        |
| <b>Net liabilities</b>                                     |      | (141,407)      | (37,994)       |
| <b>Equity attributable to owner of the parent</b>          |      |                |                |
| Share capital  | 19   | 242,335        | 292,335        |
| Capital reserve  | 20   | 500            | 500            |
| Available-for-sale reserve                                 | 20   | 4,087          | 2,446          |
| Accumulated losses   |      | (388,329)      | (333,275)      |
| <b>Total equity</b>  |      | (141,407)      | (37,994)       |
| <b>Total equity and liabilities</b>                        |      | 293,856        | 405,646        |

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

Punj Lloyd Pte Ltd

Statement of Changes in Equity  
For the financial year ended 31 March 2015

| Company  | Note | Share capital<br>\$'000 | Available-for-sale<br>\$'000 | Accumulated losses<br>\$'000 | Capital reserve#<br>\$'000 | Total<br>\$'000 |
|--|------|-------------------------|------------------------------|------------------------------|----------------------------|-----------------|
| At 1 April 2013  |      | 102,335                 | (3,739)                      | (296,161)                    | 500                        | (197,065)       |
| Loss for the year  |      | -                       | -                            | (37,114)                     | -                          | (37,114)        |
| <u>Other comprehensive income</u>  |      |                         |                              |                              |                            |                 |
| - Net gain on available-for-sale financial assets  |      | -                       | 2,446                        | -                            | -                          | 2,446           |
| - Impairment loss on available-for-sale financial assets transferred to the income statement |      | -                       | 3,739                        | -                            | -                          | 3,739           |
| Total comprehensive income for the year  |      | -                       | 6,185                        | (37,114)                     | -                          | (30,929)        |
| Shares issued  | 25   | 190,000                 | -                            | -                            | -                          | 190,000         |
| At 31 March 2014 and 1 April 2014  |      | 292,335                 | 2,446                        | (333,275)                    | 500                        | (37,994)        |
| Loss for the year  |      | -                       | -                            | (55,054)                     | -                          | (55,054)        |
| <u>Other comprehensive income</u>  |      |                         |                              |                              |                            |                 |
| - Net gain on available-for-sale financial assets  |      | -                       | 1,641                        | -                            | -                          | 1,641           |
| Total comprehensive income for the year  |      | -                       | 1,641                        | (55,054)                     | -                          | (53,413)        |
| Shares redeemed  | 25   | (50,000)                | -                            | -                            | -                          | (50,000)        |
| At 31 March 2015   |      | 242,335                 | 4,087                        | (388,329)                    | 500                        | 141,407         |

# Capital reserve represents the identifiable net assets transferred to the Company arising from the amalgamation of Simon Carves Singapore Pte Ltd with the Company.

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



**Punj Lloyd Pte Ltd**

**Cash Flow Statement  
For the financial year ended 31 March 2015**

|  | Note | 2015<br>\$'000 | 2014<br>\$'000 |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                              |      |                |                |
| Loss before taxation   |      | (54,843)       | (37,594)       |
| Adjustments for:   |      |                |                |
| Depreciation of plant and equipment                                      | 6    | 267            | 6,498          |
| Gain on disposal of plant and equipment                                  | 4    | –              | (834)          |
| Gain on disposal of subsidiaries   | 4    | (530)          | –              |
| Gain on disposal of available-for-sale financial assets                  | 4    | –              | (7,672)        |
| Interest expenses  |      | 8,939          | 9,098          |
| Interest income  |      | (178)          | (777)          |
| Net fair value losses on available-for-sale financial assets             |      | –              | 4,645          |
| Write off of investment  |      | 62             | –              |
| Impairment loss on investment in subsidiary                              |      | 24,848         | 291            |
| Unrealised exchange loss   |      | 4,348          | –              |
| <b>Operating loss before working capital changes</b>                     |      | (17,087)       | (26,345)       |
| Decrease in inventories and construction work-in-progress                |      | 5,060          | 8,843          |
| Decrease/(Increase) in trade receivables                                 |      | 9,384          | (1,549)        |
| Decrease/(Increase) in other receivables, deposits, and prepayments      |      | 6,572          | (16,316)       |
| Decrease in amounts due from related parties                             |      | 18,143         | 6,292          |
| (Decrease)/Increase in trade and other payables                          |      | (3,532)        | 31,044         |
| Decrease in amount due to related parties                                |      | (7,719)        | (11,508)       |
| <b>Cash flows from operations</b>  |      | 10,821         | (9,539)        |
| Interest received  |      | 178            | 777            |
| Interest paid  |      | (8,939)        | (9,098)        |
| Income taxes paid  |      | (210)          | (5,935)        |
| <b>Net cash flows from/(used in) operating activities</b>                |      | 1,850          | (23,795)       |
| <b>Cash flows from investing activities</b>                              |      |                |                |
| Purchase of plant and equipment  |      | (59)           | (139)          |
| Proceeds from disposal of plant and equipment                            |      | –              | 50,864         |
| Proceeds from return of capital from available-for-sale financial assets |      | 2,097          | 3,791          |
| Proceeds from disposal of investments                                    |      | 51,286         | 27,373         |
| Redemption of preference shares by shareholder                           |      | (50,000)       | –              |
| Acquisition of subsidiaries  |      | (200)          | (51,774)       |
| <b>Cash flows from investing activities</b>                              |      | 3,124          | 30,115         |
| <b>Cash flows from financing activities</b>                              |      |                |                |
| Decrease in bank deposits pledged  |      | 3,029          | 676            |
| Proceeds from bank borrowings  |      | –              | 57,128         |
| Repayment of bank borrowings   |      | –              | (91,373)       |
| Repayment of finance lease obligation                                    |      | –              | (58)           |
| <b>Cash flows from/(used in) financing activities</b>                    |      | 3,029          | (33,627)       |
| Net increase/(decrease) in cash and cash equivalents                     |      | 8,003          | (27,307)       |
| Cash and cash equivalents at beginning of year                           |      | 1,031          | 28,338         |
| <b>Cash and cash equivalents at end of year</b>                          | 15   | 9,034          | 1,031          |

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

**1. Corporate information**

Punj Lloyd Pte Ltd (the "Company") is a private limited company incorporated in Singapore on 28 March 2006. Its registered office is located at 5 Maxwell Road #16-00 Tower Block MND Complex Singapore 069100.

Its ultimate 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 relating to construction of oil tanks and pipelines and also trading of construction-related materials.

**2. Summary of significant accounting policies**

**2.1 Fundamental accounting concept**

The financial statements of the Company have been prepared under the going concern assumption notwithstanding the excess of current liabilities over current assets of \$255,862,000 (2014: net current liabilities over current assets of \$230,266,000) and excess of total liabilities over total assets of \$141,407,000 (2014: net liabilities over total assets of \$37,994,000), as the ultimate holding company, Punj Lloyd Limited, has agreed to provide financial support to the Company to continue its operations and to meet its liabilities as and when they fall due.

**2.2 Basis of preparation**

The financial statements 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 \$) and all values are rounded to the nearest thousands (\$'000) except where otherwise indicated.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

**2.3 Changes in accounting policies**

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

**Notes to the Financial Statements**  
**For the financial year ended 31 March 2015**

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**2.4 Standards issued but not yet effective**

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

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

2.4 **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.

2.5 **Significant accounting estimates and judgements**

The preparation of the Company's 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

Significant judgement is involved in determining the 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 Company 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 Company's current tax payables and deferred tax liabilities at 31 March 2015 are \$3,608,000 (2014: \$3,608,000) and \$258,000 (2014: \$258,000) respectively.

(ii) Useful lives of plant and equipment

The cost of 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 2 to 21 years. These are common life expectancies applied in the construction 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 Company's plant and equipment at the end of the reporting period is disclosed in Note 6 to the financial statements.

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

(b) *Judgements made in applying accounting policies*

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

(i) Contract revenue

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

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

2.6 **Functional and foreign currency**

(a) *Functional currency*

The functional currency of the Company is the Singapore Dollars. As sales and purchases are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore Dollars, the management is of the opinion that the Singapore dollars reflects the economic substance of the underlying events and circumstances relevant to the Company.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currency of the Company and are recorded on initial recognition in the functional currency 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 end of the balance sheet date are recognised in income statement.

**2.7 Subsidiaries and principles of consolidation**

*(a) Subsidiaries*

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Company generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries are accounted for at cost less impairment losses.

*(b) Principles of consolidation*

No consolidated financial statements of the Company and its subsidiaries have been prepared as the Company is itself a wholly-owned subsidiary of a company incorporated in New Delhi, India and consolidated financial statements are prepared by the holding company. The consolidated financial statements of Punj Lloyd Limited are available at its registered office situated at 78 Institutional Area, Sector 32, Gurgaon 122001, India.

**2.8 Plant and equipment**

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

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

|   |               |
|---|---------------|
| Aircraft and plant and machinery            | 3 to 21 years |
| Furniture and fittings and office equipment | 2 to 21 years |
| Motor vehicles                              | 3 to 10 years |

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

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

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

2.9 ***Impairment of non-financial assets***

The Company 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 Company 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.

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 Company 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 ***Financial assets***

*Initial recognition and measurement*

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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.



2.10 *Financial assets (cont'd)*

*Subsequent measurement*

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

(a) Loans and receivables

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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

*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 Company 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.

2.11 **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 Company's cash management.

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

2.12 **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 Company 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 2.13 below.

2.13 **Impairment of financial assets**

The Company 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 Company 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 Company 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.

2.13 *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 Company 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 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 profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.14 **Construction contracts**

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

Progress claims not yet paid by the customer are included in the balance sheet under "trade receivables". Amounts received before the related work is performed are included in the balance sheet, as a liability, as "trade and other payables".

2.15 **Inventories**

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

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

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

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

2.16 **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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in profit or loss 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.

2.17 **Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

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

2.18 **Provisions**

Provisions are recognised when the Company 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 the end of each reporting period 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.

2.19 **Employee benefits**

*Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the year in which the related service is performed.

*Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

2.20 **Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

*As lessee*

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

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

2.21 **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.

2.22 **Revenue**

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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

2.22 **Revenue (cont'd)**

*Contract revenue*

When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised as income and expense using the percentage of completion method, measured by reference to the value of work performed relative to the total contract value. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that can probably be recovered and contract costs are recognised as an expense in the year in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

*Sale of goods*

Revenue on goods sold is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

*Management fee income*

Income is recognised upon provision of management expertise to related companies.

*Dividend income*

Dividend income is recognised when the right to receive payment is established.

*Interest income*

Interest income is recognised using the effective interest method.

2.23 **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 by the end of the reporting period, in the countries where the Company operates and generates taxable income.

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

2.23 *Taxes (cont'd)*

(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.

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.



2.23 **Taxes (cont'd)**

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

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.

2.24 **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 Company if that person:
- (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

2.24 **Related parties (cont'd)**

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

- (i) The entity and the Company are members of the same 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);
- (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).

2.25 **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 Company; 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 Company, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

3. Revenue

|                       | 2015    | 2014    |
|-----------------------|---------|---------|
|                       | \$'000  | \$'000  |
| Construction revenue  | 94,928  | 43,437  |
| Sale of steel billets | 178,086 | 181,162 |
|                       | 273,014 | 224,599 |

4. Loss before taxation

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

|   | Note | 2015   | 2014    |
|---|------|--------|---------|
|   |      | \$'000 | \$'000  |
| <i>(a) Other operating income include</i>   |      |        |         |
| Management fees received  |      | –      | (5,713) |
| Interest income from:   |      |        |         |
| - banks   |      | (13)   | (36)    |
| - related company   |      | (165)  | (741)   |
| Scrap sale  |      | (167)  | (6)     |
| Foreign exchange gain   |      | –      | (1,983) |
| Gain on disposal of available-for-sale financial assets                           |      | –      | (7,672) |
| Gain on disposal of plant and equipment   |      | –      | (834)   |
| Gain on disposal of subsidiaries  |      | (530)  | –       |
| <i>(b) Cost of sales/administrative expenses/other operating expenses include</i> |      |        |         |
| Depreciation of plant and equipment   | 6    | 267    | 6,498   |
| Operating lease expenses  |      | 2,331  | 1,282   |
| Impairment loss on investment in subsidiary                                       | 7    | 24,848 | 291     |
| Foreign exchange loss   |      | 10,330 | 1,983   |
| Write-off of loans and receivables due from a subsidiary                          |      | –      | 919     |
| <i>(c) Staff costs</i>  |      |        |         |
| Salaries and allowances   |      | 7,114  | 8,219   |
| Defined contribution plan expenses  |      | 349    | 341     |
| <i>(d) Finance costs include</i>  |      |        |         |
| Interest paid and payable to:   |      |        |         |
| - ultimate holding company  |      | 952    | 933     |
| - subsidiary company  |      | 4,809  | 4,648   |
| - banks   |      | 3,178  | 3,517   |
| Finance charges   |      | 4,230  | 3,512   |

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

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5. Taxation

|   | 2015<br>\$'000 | 2014<br>\$'000 |
|---|----------------|----------------|
| <i>Current tax</i>                      |                |                |
| - Under/(Over) provision in prior years | 211            | (20)           |
|   | <hr/>          | <hr/>          |
| <i>Deferred tax</i>                     | 211            | (20)           |
| - Over provision in prior years         | -              | (460)          |
|   | <hr/>          | <hr/>          |
|   | 211            | (480)          |
|   | <hr/>          | <hr/>          |

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

|   |          |          |
|---|----------|----------|
| Loss before tax                                   | (54,843) | (37,594) |
|   | <hr/>    | <hr/>    |
| Taxation at statutory tax rate of 17% (2014: 17%) | (9,323)  | (6,391)  |
| Adjustments:                                      |          |          |
| Income not subject to tax                         | -        | (1,772)  |
| Withholding expense                               |          |          |
| Expenses not deductible for tax purposes          | 3,204    | 4,088    |
| Under/(Over) provision in prior years             | (211)    | (480)    |
| Deferred tax asset not recognised                 | 6,119    | 4,075    |
|   | <hr/>    | <hr/>    |
|   | 211      | (480)    |
|   | <hr/>    | <hr/>    |

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

6. Plant and equipment

| Company                   | Aircraft<br>\$'000 | Plant and<br>machinery<br>\$'000 | Furniture<br>and fixtures<br>\$'000 | Motor<br>vehicles<br>\$'000 | Total<br>\$'000 |
|---------------------------|--------------------|----------------------------------|-------------------------------------|-----------------------------|-----------------|
| Cost:                     |                    |                                  |                                     |                             |                 |
| At 1 April 2013           | 85,022             | 3,565                            | 448                                 | 1,035                       | 90,070          |
| Additions                 | -                  | 78                               | 61                                  | -                           | 139             |
| Disposals                 | (85,022)           | -                                | -                                   | (290)                       | (85,312)        |
| At 31 March 2014          | -                  | 3,643                            | 509                                 | 745                         | 4,897           |
| Additions                 | -                  | 59                               | -                                   | -                           | 59              |
| At 31 March 2015          | -                  | 3701                             | 509                                 | 745                         | 4,955           |
| Accumulated depreciation: |                    |                                  |                                     |                             |                 |
| At 1 April 2013           | 28,931             | 1,159                            | 166                                 | 681                         | 30,937          |
| Charge for the year       | 6,189              | 212                              | 29                                  | 68                          | 6,498           |
| Disposals                 | (35,120)           | -                                | -                                   | (162)                       | (35,282)        |
| At 31 March 2014          | -                  | 1,371                            | 195                                 | 587                         | 2,153           |
| Charge for the year       | -                  | 198                              | 31                                  | 37                          | 267             |
| At 31 March 2015          | -                  | 1,569                            | 226                                 | 624                         | 2,420           |
| Net carrying amount:      |                    |                                  |                                     |                             |                 |
| At 31 March 2014          | -                  | 2,272                            | 314                                 | 158                         | 2,744           |
| At 31 March 2015          | -                  | 2,132                            | 283                                 | 121                         | 2,536           |

**Punj Lloyd Pte Ltd**

**Notes to the Financial Statements  
For the financial year ended 31 March 2015**

**7. Investment in subsidiaries**

|                                 | <b>2015</b> | <b>2014</b> |
|---------------------------------|-------------|-------------|
|                                 | \$'000      | \$'000      |
| Unquoted equity shares, at cost | 158,067     | 208,686     |
| Less: Impairment loss           | (33,257)    | (8,409)     |
|                                 | 124,810     | 200,277     |

During the year, the Company recognised impairment losses of \$24,848,000 (2014:\$291,000).

Details of the significant subsidiaries are as follows:

|     | Name of company   | Country of incorporation | Effective interest held |           |
|-----|---|--------------------------|-------------------------|-----------|
|     |   |                          | 2015<br>%               | 2014<br>% |
|     | <b>Held by the Company</b>  |                          |                         |           |
| +   | Sembawang Engineers and Constructors Pte Ltd                                    | Singapore                | 97                      | 97        |
| *   | PT Sempec Indonesia   | Indonesia                | 100                     | 100       |
| * # | Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.                                       | Malaysia                 | 100                     | 100       |
| +   | Punj Lloyd Engineers and Construction Pte Ltd                                   | Singapore                | 100                     | 100       |
| ++  | Buffalo Hills Limited   | British Virgin Islands   | 100                     | 100       |
| **  | Punj Lloyd Delta Renewables Pte Ltd   | Singapore                | 51                      | 51        |
| *   | PLI Ventures Ltd  | Mauritius                | 100                     | 100       |
| ^^  | Punj Lloyd Infrastructure Pte Ltd   | Singapore                | -                       | 100       |
| **  | Punj Lloyd Kenya Ltd  | Kenya                    | 100                     | 100       |
| **  | PL Global Developers Pte Ltd (formerly known as "Punj Lloyd Singapore Pte Ltd") | Singapore                | 100                     | 100       |
| ^^  | Christos Aviation Limited   | Bermuda                  | -                       | 100       |

**Punj Lloyd Pte Ltd**

**Notes to the Financial Statements  
For the financial year ended 31 March 2015**

**7. Investment in subsidiaries (cont'd)**

|   | Name of company  | Country of incorporation   | Effective interest held |           |
|---|--|----------------------------|-------------------------|-----------|
|   |  |                            | 2015<br>%               | 2014<br>% |
| <b>Held by the Company (cont'd)</b>                         |  |                            |                         |           |
| *   | PT Punj Lloyd Indonesia  | Indonesia                  | 59                      | 59        |
| ^   | Graystone Bay Ltd  | British Virgin Islands     | –                       | 100       |
| **  | Punj Lloyd Thailand Co. Limited  | Thailand                   | 100                     | 100       |
| ^^  | Punj Lloyd Aviation Pte Limited  | Singapore                  | –                       | 100       |
| **  | Indtech Trading FZE LLC  | United Arab Emirates       | 100                     | 100       |
| <b>Held by Sembawang Engineers and Constructors Pte Ltd</b> |  |                            |                         |           |
| +   | Sembawang Development Pte Ltd and its subsidiaries:                              | Singapore                  | 97                      | 97        |
| **@   | Sembawang Libya General Contracting & Real Estate Investment Joint Stock Company | Libya                      | 63                      | 63        |
| +   | Contech Trading Pte Ltd  | Singapore                  | 97                      | 97        |
| *   | Construction Technology (B) Sdn Bhd  | Brunei                     | 97                      | 97        |
| +   | Sembawang Mining (Kekal) Pte Ltd   | Singapore                  | 97                      | 97        |
| **  | PT Indo Precast Utama  | Indonesia                  | 97                      | 97        |
| *   | PT Indo Unggul Wasturaya   | Indonesia                  | 65                      | 65        |
| **  | Sembawang (Tianjin) Construction Engineering Co., Ltd                            | People's Republic of China | 68                      | 68        |
| **  | Sembawang Infrastructure (Mauritius) Ltd   | Mauritius                  | 97                      | 97        |
| +   | Sembawang UAE Pte. Ltd   | Singapore                  | 97                      | 97        |
| **  | Sembawang (Malaysia) Sdn Bhd and its subsidiary:                                 | Malaysia                   | 97                      | 97        |

**Punj Lloyd Pte Ltd**

**Notes to the Financial Statements  
For the financial year ended 31 March 2015**

**7. Investment in subsidiaries (cont'd)**

|    | Name of company  | Country of incorporation   | Effective interest held |           |
|----|--|----------------------------|-------------------------|-----------|
|    |  |                            | 2015<br>%               | 2014<br>% |
|    | <b>Held by Sembawang Engineers and Constructors Pte Ltd (cont'd)</b>                   |                            |                         |           |
| ** | Jurubina Sembawang (M) Sdn Bhd   | Malaysia                   | 97                      | 97        |
| *  | Tueri Aquila FZE   | United Arab Emirates       | 97                      | 97        |
| ** | Sembawang Bahrain S.P.C  | Bahrain                    | 97                      | 97        |
| +  | Sembawang Consult Pte Ltd<br>(formerly known as "SC Architects & Engineers Pte. Ltd.") | Singapore                  | 97                      | 97        |
| +  | Sembawang of Singapore - Global Project Underwriters Pte Ltd and its subsidiary:       | Singapore                  | 97                      | 97        |
| *  | Sembawang of Singapore - Global Project Underwriters Limited                           | Hong Kong                  | 97                      | 97        |
| +  | Sembawang Equity Capital Pte Ltd   | Singapore                  | 97                      | 97        |
| *  | Sembawang Hong Kong Limited  | Hong Kong                  | 97                      | 97        |
| *  | Sembawang International Limited  | Hong Kong                  | 97                      | 97        |
| *  | Sembawang (Tianjin) Investment Management Co, Ltd                                      | People's Republic of China | 97                      | 97        |
| *  | PT Sembawang Indonesia   | Indonesia                  | 97                      | 97        |
| ** | Reliance Contractors Private Limited   | Singapore                  | 97                      | 97        |
| ## | Sembawang E&C Malaysia Sdn Bhd   | Malaysia                   | 49                      | -         |



**Punj Lloyd Pte Ltd**

**Notes to the Financial Statements  
For the financial year ended 31 March 2015**

**7. Investment in subsidiaries (cont'd)**

|    | Name of company  | Country of incorporation | Effective interest held |           |
|----|--|--------------------------|-------------------------|-----------|
|    |  |                          | 2015<br>%               | 2014<br>% |
|    | <b>Held by Punj Lloyd Delta Renewables Pte Ltd</b>           |                          |                         |           |
| ** | Punj Lloyd Delta Renewables Pvt Ltd                          | India                    | 51                      | 51        |
| ** | Punj Lloyd Delta Renewables Bangladesh Limited               | Bangladesh               | 51                      | 51        |
|    | <b>Held by Punj Lloyd Oil &amp; Gas (Malaysia) Sdn Bhd</b>   |                          |                         |           |
| *  | Punj Lloyd Sdn Bhd   | Malaysia                 | 100                     | 100       |
|    | <b>Held by Punj Lloyd Engineers and Constructors Pte Ltd</b> |                          |                         |           |
| ++ | Punj Lloyd Engineers & Constructors Zambia Ltd               | Zambia                   | 100                     | 100       |

\* Audited by other member firms of Ernst & Young Global.

\*\* Audited by other firms of Certified Public Accountants.

+ Audited by Ernst & Young LLP, Singapore.

++ Not required to be audited by regulations in country of incorporation.

# 55% held in trust by directors of the subsidiary on behalf of the Company.

## Incorporated during the year.

^ In the process of being liquidated.

^^ Disposed during the year.

@ On 20 May 2009, a subsidiary entered into a joint venture agreement with International Investment and Services Company ("IISCO") to set up Sembawang Libya General Contracting & Investment Company. The subsidiary has 65% interest in the joint venture company. Accordingly, the Group has accounted for the joint venture company as investment in subsidiary. Libya Investment and Development Company ("LIDCO") has replaced IISCO as the new joint venture partner in FY2012.

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

8. Available-for-sale financial assets

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| Equity instruments (unquoted), at fair value | 6,367          | 6,823          |

During the year, there was a return of capital on the Company's investment in equity instrument of \$2,097,000 (2014: \$3,792,000) and there was no impairment of the Company's investment (2014: \$906,000).

Further, the Company recognised fair value gain of \$1,641,000 (2014: fair value gain of \$2,446,000) on equity instruments (unquoted) in other comprehensive income.

9. Deferred tax liabilities

|                                 | At<br>1.4.2014<br>\$'000 | Charged<br>Credited to<br>income<br>statement<br>\$'000 | At<br>31.3.2015<br>\$'000 |
|---------------------------------|--------------------------|---|---------------------------|
| <b>Deferred tax liabilities</b> |                          |   |                           |
| Plant and equipment             | (258)                    | -   | (258)                     |

|                                 | At<br>1.4.2013<br>\$'000 | Charged to<br>income<br>statement<br>\$'000 | At<br>31.3.2014<br>\$'000 |
|---------------------------------|--------------------------|---|---------------------------|
| <b>Deferred tax liabilities</b> |                          |   |                           |
| Plant and equipment             | (718)                    | 460   | (258)                     |

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

10. Inventories and construction work-in-progress/progress claims in excess of construction work-in-progress

|  | 2015           | 2014         |
|--|----------------|--------------|
|  | \$'000         | \$'000       |
| Raw materials  | 830            | 165          |
| Construction work-in-progress                              | 1,102          | 8,283        |
|  | <u>1,932</u>   | <u>8,448</u> |
| <b>Construction work-in-progress</b>                       |                |              |
| Costs and attributable profits                             | 141,067        | 146,121      |
| Progress claims  | (145,318)      | (144,648)    |
|  | <u>(4,251)</u> | <u>1,473</u> |
| Comprising:  |                |              |
| Construction work-in-progress                              | 1,102          | 8,283        |
| Progress claims in excess of construction work-in-progress | (5,354)        | (6,810)      |
|  | <u>(4,251)</u> | <u>1,473</u> |

11. Trade receivables

|  | 2015       | 2014         |
|--|------------|--------------|
|  | \$'000     | \$'000       |
| <b>Current accounts</b>  |            |              |
| Trade receivables  | 296        | 6,982        |
| Retention monies on contracts  | -          | 2,698        |
|  | <u>296</u> | <u>9,680</u> |
| Gross trade receivables are denominated in the following currencies: |            |              |
| Singapore Dollars  | -          | 3,319        |
| United States Dollar   | 296        | 6,361        |
|  | <u>296</u> | <u>9,680</u> |

Notes to the Financial Statements  
For the financial year ended 31 March 2015

12. Other receivables and deposits

|                              | 2015<br>\$'000 | 2014<br>\$'000 |
|------------------------------|----------------|----------------|
| Advances to suppliers        | 3,641          | 1,091          |
| Deposits                     | 422            | 392            |
| Other receivables            | 7,942          | 15,819         |
| Allowance for doubtful debts | (2,924)        | (2,924)        |
|                              | 9,063          | 14,378         |
| Staff loans and advances     | 31             | 64             |
|                              | 9,094          | 14,442         |

Included in other receivables is an amount due from an escrow agent amounting to \$2,924,000 (2014: \$2,924,000). The agent has defaulted on the refund to the Company and a court ruling was obtained in favour of the Company. In the previous years, the Company has made a full provision for this amount.

13. Pledged deposit

|                  | 2015<br>\$'000 | 2014<br>\$'000 |
|------------------|----------------|----------------|
| Pledged deposits | 3,050          | 6,079          |
|                  | 3,050          | 6,079          |

Fixed deposits are pledged against letters of credit and guarantees issued by financial institutions. The deposit earns interests ranging from 0.07% to 0.6% (2014: 0.2% to 0.7%) per annum.

14. Amounts due from related parties

|                          | 2015<br>\$'000 | 2014<br>\$'000 |
|--------------------------|----------------|----------------|
| Ultimate holding company |                |                |
| - current account        | 82,811         | 73,744         |
| Subsidiaries             |                |                |
| - current accounts       | 35,701         | 62,378         |
|                          | 118,512        | 136,122        |
| Related corporations     |                |                |
| - current accounts       | 14,960         | 15,493         |
|                          | 133,472        | 151,615        |

The amounts are non-trade in nature, unsecured, interest-free and are repayable upon demand.

**Notes to the Financial Statements**  
**For the financial year ended 31 March 2015**

**15. Cash and short-term deposits**

|                              | <b>2015</b> | <b>2014</b> |
|------------------------------|-------------|-------------|
|                              | \$'000      | \$'000      |
| Cash and short-term deposits | 9,899       | 1,914       |

Cash at banks earn interests at floating rates based on daily bank deposit rates.

Cash and short-term deposits are denominated in the following foreign currencies:

|                      |              |              |
|----------------------|--------------|--------------|
| Singapore Dollars    | 5,947        | 829          |
| United States Dollar | 3,949        | 1081         |
| Euro                 | 3            | 4            |
|                      | <u>9,899</u> | <u>1,914</u> |

Cash and cash equivalents comprise the following at the end of the reporting period:

|                           |              |              |
|---------------------------|--------------|--------------|
| Cash at bank and in hand  | 9,899        | 1,914        |
| Bank overdrafts           | (865)        | (883)        |
| Cash and cash equivalents | <u>9,034</u> | <u>1,031</u> |

**16. Bank borrowings**

|                                       | <b>2015</b>   | <b>2014</b>   |
|---------------------------------------|---------------|---------------|
|                                       | \$'000        | \$'000        |
| <b>Current:</b>                       |               |               |
| Bank loans:                           |               |               |
| - USD loan at LIBOR + 4.5% per annum  | 61,475        | 57,127        |
| - SGD loan at SIBOR + 1.25% per annum | 19,000        | -             |
|                                       | 80,475        | 57,127        |
| Bank overdrafts:                      |               |               |
| - Secured                             | 865           | 883           |
|                                       | 865           | 883           |
| Total current bank borrowings         | 81,340        | 58,010        |
| <b>Non-current:</b>                   |               |               |
| Bank loans:                           |               |               |
| - SGD loan at SIBOR + 1.25% per annum | -             | 19,000        |
| Total non-current bank borrowings     | -             | 19,000        |
| Total bank borrowings                 | <u>81,340</u> | <u>77,010</u> |

Notes to the Financial Statements  
For the financial year ended 31 March 2015

16. Bank borrowings (cont'd)

***SGD loan at SIBOR + 1.25% per annum***

This loan is repayable in four equal instalments due on 5 May 2015, 5 August 2015, 5 November 2015 and 5 February 2016 and bears effective interest at 1.7%.

***USD loan at LIBOR + 4.5% per annum***

This loan is repayable in two equal instalments due on 30 April 2015 and 4 April 2016 and bears effective interest at 4.8%.

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

***Bank overdrafts***

*Secured*

Bank overdrafts are denominated in USD, bear interest between 7.0% to 7.7% per annum and are secured by a specific charge over fixed assets, inventory, future trade receivables and a corporate guarantee from Punj Lloyd Limited.

17. Trade and other payables

|                                | 2015   | 2014   |
|--------------------------------|--------|--------|
|                                | \$'000 | \$'000 |
| <b><i>Current accounts</i></b> |        |        |
| Trade payables and accruals    | 37,409 | 28,389 |
| Other payables                 | 74     | 616    |
| Advances from customers        | -      | 12,010 |
|                                | 37,483 | 41,015 |
|                                | 37,483 | 41,015 |

Trade payables are non-interest bearing and are normally settled on 60-90 day terms.

All trade payables and accruals are denominated in Singapore Dollars.

Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

18. Amounts due to related parties

|                            | 2015    | 2014    |
|----------------------------|---------|---------|
|                            | \$'000  | \$'000  |
| <b>Short-term loans</b>    |         |         |
| - Ultimate holding company | 64,020  | 103,607 |
| - Subsidiaries             | 86,823  | 87,782  |
|                            | 150,843 | 191,389 |
| <b>Current accounts</b>    |         |         |
| - Ultimate holding company | 142,285 | 114,259 |
| - Subsidiaries             | 4,341   | 7,477   |
| - Related companies        | 9,751   | 1,814   |
|                            | 156,377 | 123,550 |
|                            | 307,220 | 314,939 |

The amounts due to ultimate holding company, related parties and subsidiaries are interest-free, unsecured and repayable upon demand, except for an amount of \$13,610,000 (2014: \$86,802,000) due to ultimate holding company which bears interest at 8% (2014: 8%) per annum.

19. Share capital

|                                      | Company          |          |               |         |
|--------------------------------------|------------------|----------|---------------|---------|
|                                      | 2015             |          |               | 2014    |
|                                      | No. of<br>shares | \$'000   | No. of shares | \$'000  |
| Issued and fully paid :              |                  |          |               |         |
| <i>Ordinary shares</i>               |                  |          |               |         |
| At 1 April and 31 March              | 573,346          | 57,335   | 573,346       | 57,335  |
| <i>Redeemable preference shares:</i> |                  |          |               |         |
| At 1 April                           | 2,350,000        | 235,000  | 450,000       | 45,000  |
| Shares issued                        | -                | -        | 1,900,000     | 190,000 |
| Shares redeemed                      | (500,000)        | (50,000) | -             | -       |
| At 31 March                          | 1,850,000        | 185,000  | 2,350,000     | 235,000 |
| Total share capital                  | 2,423,346        | 242,335  | 2,923,346     | 292,335 |

**19. Share capital (cont'd)**

On 1 April 2013, the Company issued 1,900,000 redeemable preference shares at a subscription price of \$100 per share to its ultimate holding company, Punj Lloyd Limited. The Company holds the right of redemption of the preference shares. This consideration was fully settled via the capitalisation of outstanding amounts by the Company to its ultimate holding company.

On 22 December 2014, the ultimate shareholder of the Company, Punj Lloyd Limited, had redeemed 500,000 shares at \$100 each. This consideration was fully settled in cash.

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.

**20. Reserves**

***Available-for-sale reserve***

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

***Capital reserve***

Capital reserve represents the identifiable net assets transferred to the Company arising from the amalgamation of a subsidiary with the Company.

**21. Commitments**

Commitments not reflected in the financial statement at the end of the reporting period are as follows:

***Operating lease commitments***

|                       | <b>2015</b> | <b>2014</b> |
|-----------------------|-------------|-------------|
|                       | \$'000      | \$'000      |
| Payable:              |             |             |
| - Within 1 year       | 921         | 700         |
| - Within 2 to 5 years | 836         | 967         |
| - After 5 years       | 3,472       | 3,461       |
|                       | <hr/> 5,229 | <hr/> 5,128 |



Notes to the Financial Statements  
For the financial year ended 31 March 2015

22. Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Company 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:

|  | 2015<br>\$'000 | 2014<br>\$'000 |
|--|----------------|----------------|
| <b>(a) Expenses/(Income)</b>                             |                |                |
| Ultimate holding company                                 |                |                |
| - interest paid/payable                                  | 952            | 933            |
| - purchases  | 171,241        | 180,649        |
| - corporate guarantee fee                                | 1,437          | 1,414          |
| - others   | 949            | 669            |
|  | 174,579        | 183,665        |
| Related companies and subsidiaries                       |                |                |
| - interest expense                                       | 4,809          | 4,648          |
| - management fees income                                 | -              | (5,713)        |
| - interest income  | (165)          | (180)          |
| - corporate guarantee fee                                | 292            | 284            |
| - aircraft expenses                                      | 8,501          | -              |
| - other professional fees                                | 3,341          | 3,369          |
|  | 16,778         | 2,408          |
| <b>(b) Key management personnel compensations</b>        |                |                |
| The key management personnel compensation is as follows: |                |                |
| Short-term employee benefits                             | 293            | 268            |
| Comprise amounts paid to:                                |                |                |
| - Director of the Company                                | 293            | 268            |

23. Guarantees (unsecured)

As at the end of the reporting period, the Company have given indemnities to financial institutions in connection with the issue of performance guarantees of \$2,103,500 (2014: \$18,408,000), in favour of third parties in respect of the Company's construction projects.

The Company also has provided corporate guarantee to financial institutions for facilities taken by a subsidiary and an associate.

**Notes to the Financial Statements  
For the financial year ended 31 March 2015**

**24. Contingent liabilities**

It is normal in the construction industry for the Company to experience delays in the approval of extensions of time ("EOT") that may expose the Company to liquidated damages if the EOT are not subsequently approved by the customers. As at the date of the financial statements, the management of the Company have reasonable grounds to believe that most if not all of the unapproved EOT as at balance sheet date would be eventually approved based on discussion and consultation with the various experts from the construction industry.

The Company assesses the carrying value of various claims periodically, and makes provisions for any unrecoverable amount arising from the legal and arbitration proceedings that it may be involved in from time to time.

Although, there can be no assurances, the Company believes that based on information currently available, that the ultimate resolution of these proceedings is not likely to have a material adverse effect on the results of operations, financial position or liquidity of the Company.

**25. 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 that are carried at fair value**

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

|  | 2015   |   |  | Total |
|--|--|---|--|-------|
|  | Quoted prices<br>in active<br>markets for<br>identical<br>instruments<br>(Level 1)<br>\$'000 | Significant<br>other<br>observable<br>inputs<br>(Level 2)<br>\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$'000 |       |
| <b>Financial assets</b>                |  |   |  |       |
| Available-for-sale<br>financial assets | –  | 6,367   | –  | 6,367 |
| As at 31 March 2015                    | –  | 6,367   | –  | 6,367 |

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

A. Fair value of financial instruments that are carried at fair value (cont'd)

|  | 2014  |  |                                       | Total<br>\$'000 |
|--|---|--|---------------------------------------|-----------------|
|  | Quoted prices<br>in active<br>markets for<br>identical<br>instruments | Significant<br>other<br>observable<br>inputs | Significant<br>unobservable<br>inputs |                 |
|  | (Level 1)   | (Level 2)                                    | (Level 3)                             |                 |
|  | \$'000  | \$'000                                       | \$'000                                |                 |
| <b>Financial assets</b>                |   |  |                                       |                 |
| Available-for-sale<br>financial assets | –   | 6,823  | –                                     | 6,823           |
| As at 31 March 2015                    | –   | 6,823  | –                                     | 6,823           |

*Fair value hierarchy*

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer between Level 1, 2 and 3 during the financial years ended 2015 and 2014.

*Determination of fair value*

Available-for-sale financial assets (unquoted)

Fair value of available-for-sale financial assets is determined by reference to net asset value of the financial assets as determined by the fund manager at end of the reporting period.

Where discounted cash flow method is used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the end of the reporting period. Where other pricing models are used, inputs are based on market related data at the end of the reporting period.

## 25. Fair value of financial instruments (cont'd)

**B. 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, bank deposits (pledged), trade and other receivables, trade and other payables, bank borrowings, amounts due from/to related parties, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

The carrying amounts of pledged deposit is reasonable approximation of fair value, as its interest rate approximates the market rate for similar types of arrangement at the balance sheet date.

The carrying amounts of non-current trade receivables and payables are reasonable approximation of fair values, estimated by discounting expected future cash flows at effective interest rates for similar instruments at the end of the reporting period.

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

The non-current amounts due from related parties have no fixed term of repayment and are not expected to be repaid within the next twelve months. Accordingly, the fair value of the amounts cannot be determined as the timing of the future cash flows cannot be estimated reliably.

**Classification of financial instruments**

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:

|  | Available-<br>for-sale<br>\$'000 | Loans and<br>receivables<br>\$'000 | Non-<br>financial<br>assets<br>\$'000 | Total<br>\$'000 |
|--|----------------------------------|------------------------------------|---------------------------------------|-----------------|
| <b>2015</b>                                      |                                  |                                    |                                       |                 |
| <b>Assets</b>                                    |                                  |                                    |                                       |                 |
| Plant and equipment                              | –                                | –                                  | 2,536                                 | 2,536           |
| Interest in subsidiaries                         | –                                | –                                  | 124,810                               | 124,810         |
| Available-for-sale financial<br>assets           | 6,367                            | –                                  | –                                     | 6,367           |
| Trade receivables                                | –                                | 296                                | –                                     | 296             |
| Inventories and construction<br>work-in-progress | –                                | –                                  | 1,932                                 | 1,932           |
| Other receivables and deposits                   | –                                | 9,094                              | –                                     | 9,094           |
| Prepayments                                      | –                                | –                                  | 2,400                                 | 2,400           |
| Amounts due from related<br>parties              | –                                | 133,472                            | –                                     | 133,472         |
| Cash and cash equivalents                        | –                                | 9,899                              | –                                     | 9,899           |
| Pledged deposits                                 | –                                | 3,050                              | –                                     | 3,050           |
|  | 6,367                            | 155,810                            | 131,677                               | 293,855         |

Notes to the Financial Statements  
For the financial year ended 31 March 2015

## 25. Fair value of financial instruments (cont'd)

|  | Financial liabilities at amortised cost<br>\$'000 | Non-financial liabilities<br>\$'000 | Total<br>\$'000 |
|--|---|-------------------------------------|-----------------|
| <b>2015</b>  |   |                                     |                 |
| <b>Liabilities</b>   |   |                                     |                 |
| Bank borrowings  | 80,475  | —                                   | 80,475          |
| Bank overdrafts  | 865   | —                                   | 865             |
| Progress claims in excess of construction work-in-progress | —   | 5,354                               | 5,354           |
| Trade and other payables                                   | 37,483  | —                                   | 37,483          |
| Amounts due to related parties                             | 307,220   | —                                   | 307,220         |
| Current tax payable  | —   | 3,608                               | 3,608           |
| Deferred tax liabilities                                   | —   | 258                                 | 258             |
|  | 426,043   | 9,220                               | 435,263         |

|   | Available-for-sale<br>\$'000 | Loans and receivables<br>\$'000 | Non-financial assets<br>\$'000 | Total<br>\$'000 |
|---|------------------------------|---------------------------------|--------------------------------|-----------------|
| <b>2014</b>                                   |                              |                                 |                                |                 |
| <b>Assets</b>                                 |                              |                                 |                                |                 |
| Plant and equipment                           | —                            | —                               | 2,744                          | 2,744           |
| Interest in subsidiaries                      | —                            | —                               | 200,277                        | 200,277         |
| Available-for-sale financial assets           | 6,823                        | —                               | —                              | 6,823           |
| Trade receivables                             | —                            | 9,680                           | —                              | 9,680           |
| Inventories and construction work-in-progress | —                            | —                               | 8,448                          | 8,448           |
| Other receivables and deposits                | —                            | 14,442                          | —                              | 14,442          |
| Prepayments                                   | —                            | —                               | 3,624                          | 3,624           |
| Amounts due from related parties              | —                            | 151,615                         | —                              | 151,615         |
| Cash and cash equivalents                     | —                            | 1,914                           | —                              | 1,914           |
| Pledged deposits                              | —                            | 6,079                           | —                              | 6,079           |
|   | 6,823                        | 183,730                         | 215,093                        | 405,646         |

## 25. Fair value of financial instruments (cont'd)

|  | Financial liabilities at amortised cost<br>\$'000 | Non-financial liabilities<br>\$'000 | Total<br>\$'000 |
|--|---|-------------------------------------|-----------------|
| <b>2014</b>  |   |                                     |                 |
| <b>Liabilities</b>   |   |                                     |                 |
| Bank borrowings  | 76,127  | –                                   | 76,127          |
| Bank overdrafts  | 883   | –                                   | 883             |
| Progress claims in excess of construction work-in-progress | –   | 6,810                               | 6,810           |
| Trade and other payables                                   | 41,015  | –                                   | 41,015          |
| Amounts due to related parties                             | 314,939   | –                                   | 314,939         |
| Current tax payable  | –   | 3,608                               | 3,608           |
| Deferred tax liabilities                                   | –   | 258                                 | 258             |
|  | 432,964   | 10,676                              | 443,640         |

## 26. Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency risk and liquidity risk arises in the normal course of the Company's business. The Company 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 Company's policy guidelines are adhered to.

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

(a) *Credit risk*

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

Investments and transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparty to fail to meet their obligations.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and other receivables (including related party balances), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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

**(a) Credit risk (cont'd)**

*Credit risk concentration profile*

At end of the financial year, there is no significant concentration of credit risk except for the amounts due from top one major customer amounting to approximately 100% (2014: 87%) of total trade receivables. However, the good credit history of this customer reduces the risk to the Company to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions.

*Financial assets that are either past due or impaired*

The Company has no past due or impaired receivables.

**(b) Interest rate risk**

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

The Company'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 Company.

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

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

(b) *Interest rate risk (cont'd)*

*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 Company's profit after tax.

|                 | Decrease/ (increase)<br>Profit net of tax |                                |
|-----------------|---|--------------------------------|
|                 | Increase in<br>100bp<br>\$'000            | Decrease in<br>100bp<br>\$'000 |
| <b>2015</b>     |   |                                |
| Bank borrowings | 813                                       | (813)                          |
|                 |   |                                |
| <b>2014</b>     |   |                                |
| Bank borrowings | 770                                       | (770)                          |
|                 |   |                                |

(c) *Foreign currency risk*

The Company incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily United State Dollars (USD), and Euro Dollars (EUR).

The Company does not use foreign currency forward exchange contracts or purchased currency options for neither hedging nor trading purposes.

In respect of monetary assets and liabilities held in currencies other than the Singapore dollars, the Company 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 Company's profit net of tax to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Company, with all other variables held constant.

|         |                              | 2015<br>\$'000 | 2014<br>\$'000 |
|---------|------------------------------|----------------|----------------|
| USD/SGD | - strengthened 3% (2014: 3%) | (1,890)        | (1,571)        |
|         | - weakened 3% (2014: 3%)     | 1,890          | 1,571          |
|         |                              |                |                |



**Notes to the Financial Statements**  
**For the financial year ended 31 March 2015**

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

**(d) Liquidity risk**

The Company's cash and short term deposit, 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 Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

|   | <b>1 year or<br/>less<br/>\$'000</b> | <b>1 to 5<br/>years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--------------------------------------|------------------------------------|-------------------------|
| <b>2015</b>                                     |                                      |                                    |                         |
| <b>Financial assets:</b>                        |                                      |                                    |                         |
| Available-for-sale financial assets             |                                      | 6,367                              | 6,367                   |
| Trade receivable                                | 296                                  | –                                  | 296                     |
| Other receivables and deposits                  | 9,094                                | –                                  | 9,094                   |
| Amount due from related parties                 | 133,472                              | –                                  | 133,472                 |
| Cash and cash equivalents                       | 9,899                                | –                                  | 9,899                   |
| Bank deposit (pledged)                          | 3,050                                | –                                  | 3,050                   |
| <b>Total undiscounted financial assets</b>      | <b>155,810</b>                       | <b>6,367</b>                       | <b>162,178</b>          |
| <b>Financial liabilities</b>                    |                                      |                                    |                         |
| Bank borrowings                                 | 81,081                               | –                                  | 81,081                  |
| Bank overdrafts                                 | 890                                  | –                                  | 890                     |
| Trade and other payables                        | 37,483                               | –                                  | 37,483                  |
| Amounts due to related parties                  | 307,220                              | –                                  | 307,220                 |
| <b>Total undiscounted financial liabilities</b> | <b>426,674</b>                       | <b>–</b>                           | <b>426,674</b>          |
| <b>Net undiscounted financial liabilities</b>   | <b>(270,863)</b>                     | <b>6,367</b>                       | <b>(264,496)</b>        |



Punj Lloyd Pte Ltd

Notes to the Financial Statements  
For the financial year ended 31 March 2015

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

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

|  | 1 year or<br>less<br>\$'000 | 1 to 5<br>years<br>\$'000 | Total<br>\$'000 |
|--|-----------------------------|---------------------------|-----------------|
| <b>2014</b>                              |                             |                           |                 |
| <b>Financial assets:</b>                 |                             |                           |                 |
| Available-for-sale financial assets      | –                           | 6,823                     | 6,823           |
| Trade receivable                         | 9,680                       | –                         | 9,680           |
| Other receivables and deposits           | 14,442                      | –                         | 14,442          |
| Amount due from related parties          | 151,615                     | –                         | 151,615         |
| Cash and cash equivalents                | 1,914                       | –                         | 1,914           |
| Bank deposit (pledged)                   | 6,079                       | –                         | 6,079           |
| Total undiscounted financial assets      | 183,730                     | 6,823                     | 190,553         |
| <b>Financial liabilities</b>             |                             |                           |                 |
| Bank borrowings                          | 57,284                      | 19,314                    | 76,598          |
| Bank overdrafts                          | 903                         | –                         | 903             |
| Trade and other payables                 | 41,015                      | –                         | 41,015          |
| Amounts due to related parties           | 314,939                     | –                         | 314,939         |
| Total undiscounted financial liabilities | 414,141                     | 19,314                    | 433,455         |
| Net undiscounted financial liabilities   | (230,411)                   | (12,491)                  | (242,902)       |

**Notes to the Financial Statements**  
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**27. Capital management**

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

The Company 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 Company 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 years ended 31 March 2015 and 31 March 2014.

|  | <b>Note</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
|  |             | \$'000      | \$'000      |
| Bank overdrafts                                | 16          | 865         | 883         |
| Bank borrowings                                | 16          | 80,475      | 76,127      |
| Trade and other payables                       | 17          | 37,483      | 41,015      |
| Amounts due to related parties                 | 18          | 307,220     | 314,939     |
| Less: Cash and short-term deposits             | 15          | (9,899)     | (1,914)     |
| Net debt                                       |             | 416,144     | 431,050     |
| Equity attributable to the owner of the parent |             | (141,407)   | (37,994)    |
| Capital and net debt                           |             | 274,747     | 393,056     |
| Gearing ratio                                  |             | N.M         | N.M         |

The Company is dependent on its holding company for financial assistance.

**28. 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.