

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

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



J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

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

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

COMPANY SECRETARY Lim Hai Loon

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

| CONTENTS | PAGES | | |
|-----------------------------------|--------------|----|----|
| Directors' statement | 1 | to | 2 |
| Independent auditor's report | 3 | to | 4 |
| Statement of financial position | | | 5 |
| Statement of comprehensive income | | | 6 |
| Statement of changes in equity | | | 7 |
| Statement of cash flows | | | 8 |
| Notes to the financial statements | 9 | to | 24 |

DIRECTOR'S STATEMENT

for the financial year ended 31 March 2018

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

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements set out on pages 5 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 DIRECTORS

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

Atul Punj

Ajay Khanjanchi (Appointed on 21 April 2017)

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

| | Ordinary shares | | | |
|--|--|----------------------|--|----------------------|
| | Holdings registered in the names of the director | | Holdings in which a director is deemed to have an interest | |
| | At end of year | At beginning of year | At end of year | At beginning of year |
| <u>Punj Lloyd Limited</u> (Ultimate Holding Company) Ordinary shares of Rps 2 each | | | | |
| Atul Punj | 1,430,540 | 1,431,360 | 96,176,791 | 97,839,775 |

DIRECTOR'S STATEMENT

for the financial year ended 31 March 2018

5 SHARE OPTIONS

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

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

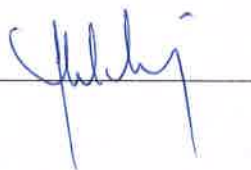
There were no unissued shares of the Company under option at the end of the financial year.

6 INDEPENDENT AUDITOR


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

On behalf of the directors,

Atul Punj
Director



Ajay Khajanchi
Director



Singapore, **28 APR 2018**



陳占士會計公司
特許會計師

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



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Aviation Pte. Ltd.

for the financial year ended 31 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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



陳占士會計公司
特許會計師

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



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Aviation Pte. Ltd.

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

J. TAN & CO.

Public Accountants and Chartered Accountants

Singapore, 28 APR 2018

195 PEARL'S HILL TERRACE, #03-14, SINGAPORE 168976

6339-1700 6334-8090 audit@jtaudit.com.sg

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

| | Note | 2018 | 2017 |
|---|------|-------------------|-------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 1 | 1 |
| Amount due from related party | 5 | 68 | 56 |
| | | 69 | 57 |
| Non-current assets | | | |
| Plant and equipment | 6 | 21,018,070 | 28,225,354 |
| Total assets | | 21,018,139 | 28,225,411 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 3,764 | 13,578 |
| Amount due to immediate holding company | 8 | 187,953 | 31,890 |
| Total liabilities | | 191,717 | 45,468 |
| Net assets | | 20,826,422 | 28,179,943 |
| EQUITY | | | |
| Share capital | 9 | 50,755,522 | 50,755,522 |
| Accumulated losses | | (29,929,100) | (22,575,579) |
| Total equity | | 20,826,422 | 28,179,943 |

Punj Lloyd Aviation Pte. Ltd.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

| | Note | 2018 | 2017 |
|--|---------|--------------------|--------------------|
| | | \$ | \$ |
| Revenue | 2.2 (a) | 14 | 14 |
| Other gain | 10 | 460 | 30,784 |
| Administrative expenses | 11 | (7,252,435) | (7,246,842) |
| Loss before income tax | | (7,251,961) | (7,216,044) |
| Income tax expense | 12 | (101,560) | - |
| Loss for the year / Total comprehensive loss for the year | | (7,353,521) | (7,216,044) |

Punj Lloyd Aviation Pte. Ltd.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

| | Share capital | Accumulated losses | Total equity |
|--|-------------------|-----------------------|-------------------|
| | \$ | \$ | \$ |
| As at 1 April 2016 | 50,755,522 | (15,359,535) | 35,395,987 |
| Loss for the year / Total comprehensive loss for the year | - | (7,216,044) | (7,216,044) |
| As at 31 March 2017 | 50,755,522 | (22,575,579) | 28,179,943 |
| Loss for the year / Total comprehensive loss for the year | - | (7,353,521) | (7,353,521) |
| As at 31 March 2018 | 50,755,522 | (29,929,100) | 20,826,422 |

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

| | Note | 2018 | 2017 |
|---|----------|-----------------|-----------------|
| | | \$ | \$ |
| <u>Cash flows from operating activities</u> | | | |
| Loss before income tax | | (7,251,961) | (7,216,044) |
| <u>Adjustments for:</u> | | | |
| Depreciation of plant and equipment | 6 | 7,207,284 | 7,207,284 |
| Writeback for doubtful debts | | - | (30,334) |
| Operating cash flows before working capital changes | | (44,677) | (39,094) |
| <u>Changes in working capital</u> | | | |
| Changes in amount due from related parties | | (12) | (15) |
| Changes in trade and other payables | | (9,814) | 8,216 |
| Changes in amount due to immediate holding company | | 156,063 | 61,260 |
| Changes in amount due to related party | | - | (30,367) |
| | | 146,237 | (39,094) |
| Cash generated from operations | | 101,560 | - |
| Income tax paid | 12 | (101,560) | - |
| Net cash generated from operating activities | | - | - |
| Net changes in cash and cash equivalents during the year | | - | - |
| Cash and cash equivalents at beginning of year | | 1 | 1 |
| Cash and cash equivalents at end of year | 4 | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

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

1 CORPORATE INFORMATION

Punj Lloyd Aviation Pte. Ltd. (the "Company") (UEN No. 201400284M) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is located at 195 Pearl's Hill Terrace, #03-14, Singapore 168976.

The principal activities of the Company are those relating to aircraft leasing.

The immediate and ultimate holding companies are Punj Lloyd Infrastructure Pte Ltd ("PLIPL"), a company incorporated in Singapore, and Punj Lloyd Limited ("PLL"), a company incorporated in India, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Sales are presented, net of value-added tax, rebates and discounts

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

(a) Aircraft rental income

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Plant and equipment

(a) Measurement

(i) All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

| | Useful Lives |
|-----------|----------------|
| Aircrafts | <u>7 years</u> |

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Impairment of non-financial assets

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

2.5 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition re-evaluates this designation at each balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Amount due from related parties" (Note 5) and "cash and cash equivalents" (Note 4) on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Financial assets (Continued)

(b) Recognition and derecognition

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

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

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists

Loans and receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Financial assets (Continued)

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

(f) Classification and measurement

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

(i) Amortised cost

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

(g) Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Financial assets (Continued)

(h) Recognition and derecognition

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

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Borrowings

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

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

Borrowing costs are recognised in statement of comprehensive income using the effective interest method.

2.9 Fair value estimation of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in the statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the changes arise.

2.14 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the statement of comprehensive income. However, in the financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "other gain and losses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

| | <u>2018</u> | <u>2017</u> |
|--------------|-------------|-------------|
| | \$ | \$ |
| Cash on hand | <u>1</u> | <u>1</u> |

At the end of the reporting period, the carrying amounts of cash and cash equivalents approximate their fair values.

5 AMOUNT DUE FROM RELATED PARTY

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-------------|-------------|
| | \$ | \$ |
| Amount due from related party | 8,478,240 | 56 |
| Less: Allowance for impairment | (8,478,173) | - |
| | <u>67</u> | <u>56</u> |

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

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

Amount due from related party are denominated in the United States Dollar.

6 PLANT AND EQUIPMENT

| | <u>Aircraft</u> | <u>Total</u> |
|--|-------------------|-------------------|
| | \$ | \$ |
| <u>Cost</u> | | |
| As at 1 April 2016 | 50,755,521 | 50,755,521 |
| Additions | - | - |
| As at 31 March 2017 | 50,755,521 | 50,755,521 |
| Additions | - | - |
| As at 31 March 2018 | <u>50,755,521</u> | <u>50,755,521</u> |
| <u>Accumulated depreciation</u> | | |
| As at 1 April 2016 | 15,322,883 | 15,322,883 |
| Depreciation charge for the year | 7,207,284 | 7,207,284 |
| Disposals | - | - |
| As at 31 March 2017 | 22,530,167 | 22,530,167 |
| Depreciation charge for the year | 7,207,284 | 7,207,284 |
| Disposals | - | - |
| As at 31 March 2018 | <u>29,737,451</u> | <u>29,737,451</u> |

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***6 PLANT AND EQUIPMENT**

| | <u>Aircraft</u> | <u>Total</u> |
|------------------------------|-------------------|-------------------|
| | \$ | \$ |
| <u>Net book value</u> | | |
| As at 31 March 2017 | 28,225,354 | 28,225,354 |
| As at 31 March 2018 | 21,018,070 | 21,018,070 |

7 TRADE AND OTHER PAYABLES

| | <u>2018</u> | <u>2017</u> |
|---------------------------------|--------------|---------------|
| | \$ | \$ |
| Trade payables | - | 8,894 |
| <u>Other payables</u> | | |
| Accruals for operating expenses | 3,752 | 4,672 |
| Advance lease rental | 12 | 12 |
| | 3,764 | 13,578 |

At the end of reporting period, the carrying amounts of trade and other payables approximate their fair value.

Trade and other payables are denominated in the following currencies:

| | <u>2018</u> | <u>2017</u> |
|----------------------|--------------|---------------|
| | \$ | \$ |
| Singapore Dollar | 3,752 | 13,566 |
| United States Dollar | 12 | 12 |
| | 3,764 | 13,578 |

8 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

| | <u>2018</u> | <u>2017</u> |
|---|----------------|-------------|
| | \$ | \$ |
| Amount due to immediate holding company | 187,953 | 31,890 |

At the end of the reporting period, the carrying amounts of amount due to immediate holding company approximate their fair values.

Amount due to immediate holding company are non-trade, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

8 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY (Continued)

Amount due to immediate holding company are denominated in the following currencies:

| | 2018 | 2017 |
|----------------------|----------------|---------------|
| | \$ | \$ |
| Singapore Dollar | 168,994 | 18,106 |
| United States Dollar | 18,959 | 13,784 |
| | 187,953 | 31,890 |

9 SHARE CAPITAL

| | 2018 | | 2017 | |
|--|-------------------|-------------------|---------------|------------------|
| | No. of shares | Amount of shares | No. of shares | Amount of shares |
| | | \$ | | \$ |
| <u>Ordinary shares with no par value</u> | | | | |
| <u>Issued and fully paid</u> | | | | |
| Beginning and end of financial year | 50,755,522 | 50,755,522 | 50,755,522 | 50,755,522 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10 OTHER GAIN

| | 2018 | 2017 |
|------------------------------------|------------|---------------|
| | \$ | \$ |
| Writeback for doubtful debts | - | 30,333 |
| Foreign exchange gain - unrealised | 460 | 451 |
| | 460 | 30,784 |

11 EXPENSES BY NATURE

| | 2018 | 2017 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Depreciation expenses (Note 6) | 7,207,284 | 7,207,284 |
| Professional fees | 9,490 | 39,175 |
| Insurance expenses | 35,590 | - |
| Others | 71 | 83 |
| Total administrative expenses | 7,252,435 | 7,246,542 |

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***12 INCOME TAXES****(a) Income tax expense**

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

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|----------------|-------------|
| | \$ | \$ |
| Current tax | - | - |
| Under provision for prior year | 101,560 | - |
| | 101,560 | - |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| | \$ | \$ |
| Loss before income tax | (7,251,961) | (7,215,744) |
| Income tax using the statutory tax rate of 17% (2017: 17%) | (1,232,833) | (1,226,676) |
| Tax effects of: | | |
| Income not subject to tax | (78) | (5,157) |
| Expenses not deductible for tax purposes | 1,225,238 | 1,225,238 |
| Deferred tax assets not recognised | 7,673 | 6,595 |
| Under provision for prior year | 101,560 | - |
| Tax charge | 101,560 | - |

(b) Movement in current income tax liabilities

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|------------------|-------------|
| | \$ | \$ |
| Beginning of financial year | - | - |
| Income tax paid | (101,560) | - |
| Under provision of prior year | 101,560 | - |
| End of financial year | - | - |

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***13 RELATED PARTY TRANSACTIONS**

Related parties consist of key management of the Company, subsidiaries of the Company and entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

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

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

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

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

- (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) A related person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (iii) 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;

As at the end of reporting period, the amount due from/to related parties amounted to was as follows:

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| | \$ | \$ |
| <u>Amount due from/(to) related party</u> | | |
| Christos Aviation Limited (Note 5) | <u>68</u> | <u>56</u> |
| Punj Lloyd Pte Ltd | 8,474,262 | 8,474,272 |
| Less: Provision for doubtful debts | <u>(8,474,262)</u> | <u>(8,474,272)</u> |
| Total amount due (from)/to Punj Lloyd Pte Ltd (Note 9) | <u>-</u> | <u>-</u> |
| <u>Amount due to immediate holding company</u> | | |
| Punj Lloyd Infrastructure Pte Ltd (Note 8) | <u>(187,953)</u> | <u>(31,890)</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

14 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

As most of the Company's transactions are carried in Singapore dollars, its exposure to foreign exchange rate is minimal.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company does not has significant fixed rates interest-bearing assets.

The sensitivity analysis for changes in interest rate is not disclosed as the effect on the statement of comprehensive income is considered not significant.

(b) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has no significant concentration of credit risk

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company has no exposure to liquidity risk during the year. The table below analyses the Company's financial liabilities based on contractual undiscounted cash flows.

| | 2018 | 2017 |
|---|-------|--------|
| | \$ | \$ |
| Trade and other payables (Less than one year) | 3,764 | 13,278 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

14 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Fair value measurements

(i) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can assess at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value. The carrying amounts of the financial assets and financial liabilities at the reporting date with a maturity of less than one year are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments or that they are subject to floating or fixed interest rates which in turn approximate the current market interest rate for similar instruments at the date of the statement of financial position.

15 CONTINGENT LIABILITIES

The contingent liabilities are attributable primarily to potential liability arising from matter relating to tax liability amounting \$1,238,788. The Company has made objection to the tax authority and letter advice obtained indicates that it is unlikely that any significant liability will arise. At the date of these financial statements, the directors are of the view that no material losses will arise in respect of the tax liability.

16 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are

- (i) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- (ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2018***16 CAPITAL MANAGEMENT (Continued)**

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

The Company does not need to comply with any externally imposed capital requirements for the financial years ended 31 March 2018 and 31 March 2017. The Company's overall strategy to capital management remains unchanged from 31 March 2017. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

Disclosure on quantitative data about what the Company manages as capital, is based on information provided internally to key management personnel and is summarised as follows:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------|
| | \$ | \$ |
| Total trade and other payables and borrowings | 191,717 | 45,468 |
| (Less): Cash and cash equivalents | (1) | (1) |
| Net debt | 191,716 | 45,467 |
| Total equity | 20,826,422 | 28,179,943 |
| Total capital | 21,018,138 | 28,225,410 |
| | | |
| Gearing ratio | 0.0091 | 0.0016 |

Consistently with others in the industry, the Company may monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Net debt is calculated as total trade and other payables and bank borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debt.

17 AUTHORISATION OF FINANCIAL STATEMENTS

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