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

DIRECTOR'S 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
DIRECTOR	Ajay Khajanchi
COMPANY SECRETARY	Lim Hai Loon
INDEPENDENT AUDITOR	J. TAN & CO. *Public Accountants and Chartered Accountants*

CONTENTS

The director presents his 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 DIRECTOR

In the opinion of the director,

(a) the financial statements set out on pages 5 to 29 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 DIRECTOR

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

Ajay Khajanchi

3 ARRANGEMENTS TO ENABLE DIRECTOR 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 director 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 DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the reporting date had no interest in the shares or debentures of the Company or any other corporate either at the beginning or end of financial year.

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.

Sole Director,

Ajay Khajanchi
Director

Singapore, 27 MAY 2018

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Engineering 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 Engineering 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of \$636,069 (2017: net profit of \$155,039) during the year ended 31 March 2018 and, as of that date, the Company's total liabilities exceeded its total assets by \$382,638. As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

Responsibilities of Management and Director for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Engineering Pte. Ltd.

for the financial year ended 31 March 2018

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, 27 MAY 2018

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2018	2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	**262,617**	182,405
Fixed deposits	5	**19,258**	20,603
Trade and other receivables	6	**3,123,208**	3,462,985
Amount due from related parties	7	**630,315**	2,510,086
Gross amount due from customers for contract work-in-progress	8	**358,847**	1,311,975
		4,394,245	7,488,054
Non-current assets			
Plant and equipment	9	**29,838**	61,689
Total assets		**4,424,083**	7,549,743
LIABILITIES			
Current liabilities			
Trade and other payables	10	**2,571,298**	6,984,545
Amount due to related parties	7	**2,059,009**	32,341
		4,630,307	7,016,886
Non-current liabilities			
Other payables		**176,414**	279,426
Total liabilities		**4,806,721**	7,296,312
Net (liabilities) / assets		**(382,638)**	253,431
EQUITY			
Share capital	11	**1**	1
Retained (losses) / profits		**(391,196)**	238,328
Foreign currency translation reserve		**8,557**	15,102
Total equity		**(382,638)**	253,431

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

	Note	2018	2017
		$	$
Revenue	2.2(a)	5,784,475	12,718,679
Cost of sales	14	(5,982,822)	(10,325,300)
Gross (loss) / profit		(198,347)	2,393,379
Other income	12	1,590	69
Other gains	13	47	-
EXPENSES			
Administrative expenses	14	(432,814)	(2,260,924)
(Loss) / Profit before income tax		(629,524)	132,524
Income tax expense	15	-	-
(Loss) / Profit for the year		(629,524)	132,524
Other comprehensive (loss) / income			
Currency translation differences arising from foreign operations		(6,545)	22,515
Total comprehensive (loss) / income for the year		(636,069)	155,039

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

	Share capital	Retained (losses) / profits	Foreign currency translation reserve	Total equity
	$	$	$	$
As at 1 April 2016	**1**	**105,804**	**(7,413)**	**98,392**
Profit for the year	-	132,524	-	132,524
Other comprehensive income	-	-	22,515	22,515
Total comprehensive income for the year	-	132,524	22,515	155,039
As at 31 March 2017	**1**	**238,328**	**15,102**	**253,431**
Loss for the year	-	(629,524)	-	(629,524)
Other comprehensive loss	-	-	(6,545)	(6,545)
Total comprehensive loss for the year	-	(629,524)	(6,545)	(636,069)
As at 31 March 2018	**1**	**(391,196)**	**8,557**	**(382,638)**

Punj Lloyd Engineering Pte. Ltd.

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
(Loss) / Profit before income tax		**(629,524)**	132,524
Adjustments for:			
Foreign exchange differences		**(6,545)**	29,522
Depreciation of plant and equipment	9	**28,299**	39,666
Operating cash flows before working capital changes		**(607,770)**	201,712
Changes in working capital			
Changes in provision for employees' end of service benefits		**(103,012)**	51,100
Changes in trade and other receivables		**295,491**	(1,307,241)
Changes in due from related parties		**1,876,381**	(2,057,689)
Changes in gross amount due from customers for contract work-in-progress		**1,329,169**	1,504,077
Changes in trade and other payables		**(3,684,474)**	3,994,886
Changes in due to related parties		**2,030,059**	(43,680)
Changes in gross amount due to customers for contract work-in-progress		**(1,060,529)**	(2,259,399)
		683,085	(117,946)
Net cash generated from operating activities		**75,315**	83,766
Cash flows from investing activities			
Additions to plant and equipment	9	-	(59,791)
Net cash used in investing activities		-	(59,791)
Cash flows from financing activities			
Pledged fixed deposits – net		**1,345**	(1,278)
Net cash generated from / (used in) investing activities		**1,345**	(1,278)
Net changes in cash and cash equivalents during the year		**76,660**	22,697
Cash and cash equivalents at beginning of year		**182,405**	167,937
Effects of exchange rate changes on cash and cash equivalent		**3,552**	(8,229)
Cash and cash equivalents at end of year	4	**262,617**	182,405

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

1 CORPORATE INFORMATION

Punj Lloyd Engineering Pte. Ltd. (the "Company") (UEN No. 200900657W) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 195 Pearl's Hill Terrace #03-14 Singapore 168976.

The principal activities of the Company are those of engineering and consultancy services.

This set of financial statements comprises of the Company's operations in Singapore and the operations of its Branch in Abu Dhabi.

The Company's Branch is Punj Lloyd Engineering Pte. Ltd., Abu Dhabi Branch, and is registered in the Emirates of Abu Dhabi in accordance with the provisions of the UAE Federal Commercial Law No. 2 of 2015. The principal activities of the Branch are administrative consultancies in on-shore and off-shore oil and gas fields services. The principal place of business of the Branch is located at PO Box 28907, Abu Dhabi.

The immediate holding Company is Punj Lloyd Engineering Limited ("PLEL"), a Company incorporated in India, and the ultimate holding Companies is Punj Lloyd Limited ("PLL"), a listed Company on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd and incorporated in New Delhi, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Company incurred a net loss of $636,069 (2017: net profit of $155,039) during the financial year ended 31 March 2018 and as at that date, the Company's total liabilities exceeded its total assets by US$382,638. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the holding company's undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Revenue recognition

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 goods and services tax, rebates and discounts, and after eliminating sales within the Company.

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) Construction contracts

Revenue from construction contracts is recognised on the based on the progress of the contract work, where the outcome of the contract can be estimated reliably. If the contract covers a number of projects and the cost and revenue of such individual projects can be identified within the terms of the overall contract, each such project is treated as a separate contract. Provision is made in full where applicable for expected losses on contracts in progress. Please refer to Note 2.16 "Construction contracts" for the accounting policy on revenue from construction contracts.

(b) Interest income

Interest income is recognised using the effective interest method.

2.4 Plant and equipment

(a) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Plant and equipment (Continued)

(b) Depreciation of plant and equipment

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

	Useful lives
Computer and equipment	3 years

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 within "other gains".

2.5 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 the recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset 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 is recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 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 is presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 6), "Amount due from related parties" (Note 7) and "Cash and cash equivalents" (Note 4) on the statement of financial position.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(e) Impairment (Continued)

Loans and receivables (Continued)

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.

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 the statement of comprehensive income.

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 the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(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.

(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 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.

2.7 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.

2.8 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the 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.

2.9 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Current income taxes are recognised as income or expense in the statement of comprehensive income.

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.

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 gains". All other foreign exchange gains and losses impacting the statement of comprehensive income 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee entitlements to annual leave

Employee entitlements to annual leave are recognised when they accrue to employees.

2.16 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method").

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as "construction contract work-in-progress" on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "gross amount due from customers". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "gross amount due to customers".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Related party

Related parties consist of key management 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 the parent of the Company.

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

- (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); or
- (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.

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.

(a) Construction contracts

The Company's branch recognises construction contract revenue and expenses in the statement of comprehensive income by using stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date bear to the total estimated contract cost.

Significant judgment is required in determining the stage of completion, the extent of the construction contracts costs incurred the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts receivables. In making the judgment, the Company's branch evaluates these based on the past experience and by relying on the works of a specialist.

The amount due from/to customers is disclosed in Note 8.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(b) Impairment of loans and receivables

Management reviews its trade and other receivables for objective evidence of impairment regularly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made a judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The trade and other receivables are disclosed in Note 6.

(c) Plant and equipment

The annual depreciation of plant and equipment forms a component of total costs charged to the statement of comprehensive income. The Company reviews the residual values and useful lives of plant and equipment at each reporting date in accordance with the accounting policy in Note 2.3.

The estimation of the residual values and useful lives involves significant judgment. The net carrying amounts of plant and equipment at 31 March 2018 is $29,838 (2017: $61,689) and the annual depreciation charge for the financial year ended 31 March 2018 is $28,299 (2017: $39,666).

If the actual useful lives of the plant and equipment are longer or shorter than the management's estimate by one year on average, the Company's annual depreciation charge will be reduced by $7,075 (2017: $9,917) and increased by $14,150 (2017: $19,833) respectively.

4 CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank and cash on hand	**262,617**	182,405

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

4 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents are denominated in the following currencies:

	2018	2017
	$	$
Singapore Dollar	**11,992**	11,992
United States Dollar	**29,862**	131,524
United Arab Emirates Dirham	**220,763**	38,889
	262,617	182,405

5 FIXED DEPOSITS

	2018	2017
	$	$
Fixed deposits	**19,258**	20,603

At the end of the reporting period, the carrying amounts of fixed deposits approximate their fair values.

The fixed deposits are pledged as collateral for a commercial license issued by the Department of Economic Development, Abu Dhabi, for the setting up of a Branch. The fixed deposits are refundable upon cancellation of the license.

Fixed deposits are denominated in United Arab Emirates Dirhams (AED).

6 TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Trade receivables		
Non-related parties	**614,222**	1,870,180
Ultimate and immediate holding companies	**2,168,622**	876,398
	2,782,844	2,746,578
Other receivables		
Advances	**-**	341,677
Deposits	**42,474**	87,088
Prepayments and other receivables	**297,890**	287,642
	340,364	716,407
	3,123,208	3,462,985

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

The average credit period of the trade receivables is 0 to 60 days (2017: 0 to 60 days). No interest is charged on the trade receivables.

Trade and other receivables are denominated in United Arab Emirates Dirhams (AED).

7 AMOUNT DUE FROM / (TO) RELATED PARTIES

	2018	2017
	$	$
Amount due from related parties (Note 16(b))		
Ultimate holding company	**211,739**	457,117
Immediate holding company	**418,576**	2,052,969
	630,315	2,510,086
Amount due to related parties (Note 16(c))		
Immediate holding company	**(2,059,009)**	(32,341)

At the end of the reporting period, the carrying amounts of the amount due from/to related parties approximate their fair values.

The amount due from/to related parties is non-trade in nature, unsecured, interest-free and repayable upon demand.

Amount due from/to related parties is denominated in United Arab Emirates Dirhams (AED), except for amount due to related parties with $139,508 (2017: $32,341) being denominated in Singapore Dollar.

8 CONSTRUCTION CONTRACTS

	2018	2017
	$	$
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**21,925,008**	21,540,626
Less: Progress billings	**(21,566,161)**	(20,228,651)
	358,847	1,311,975
Presented as:		
Gross amount due from customers for contract work-in-progress	**358,847**	1,311,975

The gross amount due from customers for contract work is presented as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

9 PLANT AND EQUIPMENT

	Computer and Equipment	Total
	$	$
Cost		
As at 1 April 2016	**58,041**	**58,041**
Additions	59,791	59,791
Foreign exchange difference	3,177	3,177
As at 31 March 2017	**121,009**	**121,009**
Foreign exchange difference	(8,926)	(8,926)
As at 31 March 2018	**112,083**	**112,083**
Accumulated depreciation		
As at 1 April 2016	**17,699**	**17,699**
Depreciation charge	39,666	39,666
Foreign exchange difference	1,955	1,955
As at 31 March 2017	**59,320**	**59,320**
Depreciation charge	28,299	28,299
Foreign exchange difference	(5,374)	(5,374)
As at 31 March 2018	**82,245**	**82,245**
Net book value		
As at 31 March 2017	**61,689**	**61,689**
As at 31 March 2018	**29,838**	**29,838**

10 TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables		
Non-related parties	**1,105,329**	2,501,808
Related parties	-	2,849,655
	1,105,329	5,351,463
Other payables		
Accruals for operating expenses	**893,415**	803,010
Advances	**572,554**	830,072
	1,465,969	1,633,082
	2,571,298	6,984,545

10 TRADE AND OTHER PAYABLES (Continued)

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

The average credit period of trade payables is 0 to 60 days (2017: 0 to 60 days). No interest is charged on trade payables

Trade and other payables are denominated in the following currencies:

	2018	2017
	$	$
Singapore Dollar	**11,820**	95,282
United Arab Emirates Dirham	**2,559,478**	6,889,263
	2,571,298	6,984,545

11 SHARE CAPITAL

	2018		2017	
	No. of shares	**Amount of shares**	No. of shares	Amount of shares
		$		$
Ordinary shares with no par value				
Issued and fully paid				
Beginning and end of financial year	**1**	**1**	1	1

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.

12 OTHER INCOME

	2018	2017
	$	$
Other income	**1,414**	-
Interest income	**176**	69
	1,590	69

13 OTHER GAINS

	2018	2017
	$	$
Foreign exchange gains	**47**	-

14 EXPENSES BY NATURE

	2018	2017
	$	$
Cost of sales	**5,982,822**	10,325,300
Depreciation of plant and equipment	**28,299**	39,666
Legal and professional fees	**(149,877)**	634,694
Administration expenses	**554,392**	1,586,564
Total cost of sales and administrative expenses	**6,415,636**	12,586,224

15 INCOME TAX EXPENSE

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

	2018	2017
	$	$
Current income tax	**-**	-

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

	2018	2017
	$	$
(Loss) / Profit before income tax	**(629,524)**	132,524
Income tax using the statutory tax rate of 17% (2017: 17%)	**(107,019)**	22,529
Tax effects of:		
Elimination of overseas operations	**102,208**	(29,272)
Expenses not deductible for tax purposes	**4,811**	6,743
Tax charge	**-**	-

16 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related party at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2018	2017
	$	$
Sale of goods to the ultimate holding company	**1,196,979**	4,466,636
Sale of goods to related companies	-	1,089,556
Expenses from the immediate holding company	**960,407**	588,746
Expenses from the ultimate holding company	**1,201,968**	-

The director of the Company is of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

Outstanding balances at 31 March 2018 and 31 March 2017 arising from sale or purchase of goods and services are set out in Note 6 and 10 respectively.

(b) Amount due from related parties

The amount due from related parties amounting to $630,315 (2017: $2,510,086) as set out in Note 7 are unsecured, interest-free and have no fixed repayment terms.

(c) Amount due to related parties

The amount due to related parties amounting to $2,059,009 (2017: $32,341) as set out in Note 7 are unsecured, interest-free and have no fixed repayment terms.

17 CONTINGENT LIABILITIES

As at 31 March 2018, the Company has contingent liabilities towards outstanding guarantees amounting to $5,057,669 (AED 14,170,071) (2017: $5,763,747 (AED 14,985,742)).

The director of the Company considered the default risk of the financial guarantee contract to be insignificant, and hence no liability has been recorded in the financial statements of the Company.

18 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.

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

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

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. 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.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United Arab Emirates Dirhams (AED) and United States Dollar (USD).

The Company's currency exposures based on the information available to the key management were as follows:

	SGD	AED	USD	TOTAL
	$	$	$	$
2018				
Financial assets				
Cash and cash equivalents	11,992	220,763	29,862	262,617
Fixed deposits	-	19,258	-	19,258
Trade and other receivables	-	3,004,037	-	3,004,037
Amount due from related parties	-	630,315	-	630,315
	11,992	3,874,373	29,862	3,916,227
Financial liabilities				
Trade and other payables	11,820	1,986,924	-	1,998,744
Amount due to related parties	139,508	1,919,501	-	2,059,009
	151,328	3,906,425	-	4,057,753
Currency exposure	(139,336)	(32,052)	29,862	(141,526)

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD	AED	USD	TOTAL
	$	$	$	$
2017				
Financial assets				
Cash and cash equivalents	11,992	38,889	131,524	182,405
Fixed deposits	-	20,603	-	20,603
Trade and other receivables	-	2,474,983	-	2,474,983
Amount due from related parties	-	2,510,086	-	2,510,086
	11,992	5,044,561	131,524	5,188,077
Financial liabilities				
Trade and other payables	95,282	6,059,191	-	6,154,473
Amount due to related parties	32,341	-	-	32,341
	127,623	6,059,191	-	6,186,814
Currency exposure	(115,631)	(1,014,630)	131,524	(998,737)

Sensitivity analysis for currency risk

If the AED and USD changes against the SGD by 5% (2017: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase / (Decrease)	
	Profit after tax	
	2018	2017
	$	$
AED against SGD		
-strengthened	**(1,330)**	(42,107)
-weakened	**1,330**	42,107
USD against SGD		
-strengthened	**1,239**	5,458
-weakened	**(1,239)**	(5,458)

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(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 have 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 refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are bank deposits and trade and other receivables.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

(i) Financial assets that are neither past due nor impaired

Bank balances that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that are past due and/or impaired except for trade receivables as follows:

	2018	2017
	$	$
Past due less than 60 days	**798,420**	1,702,445
Past due within 60 to 90 days	**102,404**	-
Past due more than 90 days	**1,882,020**	1,044,133
	2,782,844	2,746,578

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to a 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
	$	$
Less than 1 year		
Trade and other payables	**1,998,744**	6,154,473
Amount due to related parties	**2,059,009**	32,341
	4,057,753	6,186,814

(d) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2018	2017
	$	$
Loans and receivables	-	5,188,077
Financial assets, at amortised cost		
- Loans and receivables	**3,916,227**	-
Financial liabilities at amortised cost	**4,057,753**	6,186,814

(e) Fair value measurements

The carrying values of financial assets and liabilities approximate to their fair values.

19 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 profits.

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; and

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

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

	2018	2017
	$	$
Total debt	**4,806,721**	7,296,312
(Less): Cash and cash equivalents	**(262,617)**	(182,405)
Net debt	**4,544,104**	7,113,907
Total equity	**(382,638)**	253,431
Total capital	**4,161,466**	7,367,338
Gearing ratio	**109%**	97%

Consistently with others in the industry, the Company may monitor capital on the basis of the gearing ratio.

Total debt comprises of trade and other payables and the amount due to related parties. Net debt is calculated as total debt less cash and cash equivalents. Total capital is calculated as total equity plus net debt. The gearing ratio is calculated as net debt divided by total capital.

20 AUTHORISATION OF FINANCIAL STATEMENTS

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