

**PUNJ LLOYD ENGINEERS**  
**AND CONSTRUCTORS PTE. LTD.**  
*(Incorporated in the Republic of Singapore)*

**DIRECTOR'S STATEMENT AND AUDITED  
FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2017**



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

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**CORPORATE INFORMATION**

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**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF  
BUSINESS**                      8 Shenton Way  
   #50-01 AXA Tower  
   Singapore 068811

**DIRECTOR**                                      **Atul Punj**

**COMPANY SECRETARY**                      **Tay Yew Beng Peter**

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

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## DIRECTOR'S STATEMENT

for the financial year ended 31 March 2017

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The director presents his statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2017.

### 1 OPINION OF THE DIRECTOR

In the opinion of the director,

- (a) the financial statements set out on pages 5 to 20 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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:

**Atul Punj**

### 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, the director 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
<b><u>Punj Lloyd Limited</u></b> <b>(Ultimate Holding Company)</b> <b>Ordinary shares of Rps 2 each</b>				
<b>Atul Punj</b>	1,431,360	1,431,360	97,544,447	97,839,775

**DIRECTOR'S STATEMENT**

*for the financial year ended 31 March 2017*

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**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,

  
\_\_\_\_\_  
Atul Punj  
Director

Singapore, 13 APR 2017



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 Engineers and Constructors Pte. Ltd.**  
for the financial year ended 31 March 2017

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of **Punj Lloyd Engineers and Constructors Pte. Ltd.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, 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 2017, 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 \$135,408 (2016: \$75,310) during the year ended 31 March 2017 and, as of that date, the Company's total liabilities exceeded its total assets by \$9,050,285 (2016: \$8,914,877). 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 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 director's responsibilities include overseeing the Company's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT**  
*to the members of*  
**Punj Lloyd Engineers and Constructors 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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, 13 APR 2017

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2017

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		\$	\$
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals and other payables	4	2,393	1,750
Amount due to related parties	5	9,047,892	8,913,127
<b>Net liabilities</b>		<b>(9,050,285)</b>	<b>(8,914,877)</b>
<b>EQUITY</b>			
Share capital	6	2	2
Accumulated losses		<b>(9,050,287)</b>	<b>(8,914,879)</b>
<b>Total equity</b>		<b>(9,050,285)</b>	<b>(8,914,877)</b>

**STATEMENT OF COMPREHENSIVE INCOME**

*for the financial year ended 31 March 2017*

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>		-	-
Other gain or losses	<b>7</b>	<b>(131,376)</b>	<b>(72,694)</b>
Administrative expenses	<b>8</b>	<b>(4,032)</b>	<b>(2,616)</b>
<b>Loss before income tax</b>		<b>(135,408)</b>	<b>(75,310)</b>
Income tax expense	<b>9</b>	-	-
<b>Loss for the year / Total comprehensive loss for the year</b>		<b>(135,408)</b>	<b>(75,310)</b>



**STATEMENT OF CHANGES IN EQUITY**

*for the financial year ended 31 March 2017*

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	\$	\$	\$
<b>As at 1 April 2015</b>	<b>2</b>	<b>(8,839,569)</b>	<b>(8,839,567)</b>
Loss for the year / Total comprehensive loss for the year	-	(75,310)	(75,310)
<b>As at 31 March 2016</b>	<b>2</b>	<b>(8,914,879)</b>	<b>(8,914,877)</b>
Loss for the year / Total comprehensive loss for the year		(135,408)	(135,408)
<b>As at 31 March 2017</b>	<b>2</b>	<b>(9,050,287)</b>	<b>(9,050,285)</b>

**STATEMENT OF CASH FLOWS**

*for the financial year ended 31 March 2017*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cash flows from operating activities</u></b>		
Loss before income tax	<b>(135,408)</b>	(75,310)
<u>Adjustments for:</u>		
Exchange differences	<b>131,376</b>	72,694
<b>Operating cash flows before working capital changes</b>	<b>(4,032)</b>	(2,616)
<b><u>Changes in working capital</u></b>		
Changes in amount due to related parties	<b>3,389</b>	9,866
Changes in accruals and other payables	<b>643</b>	(7,250)
	<b>4,032</b>	2,616
<b>Cash used in operations</b>	<b>-</b>	-
<b>Net cash flows used in operating activities</b>	<b>-</b>	-
<b>Net decrease in cash and cash equivalents during the year</b>	<b>-</b>	-
<b>Cash and cash equivalents at beginning of year</b>	<b>-</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

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

### 1 CORPORATE INFORMATION

Punj Lloyd Engineers and Constructors Pte. Ltd. (the "Company") (UEN No. 200615939G) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 8 Shenton Way, #50-01 AXA Tower, Singapore 068811.

The principal activities of the Company are those relating to building construction.

The immediate and ultimate holding companies are Punj Lloyd Pte. Ltd. ("PLPL"), 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 2016

On 1 April 2016, 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 Going concern

The Company incurred a net loss of \$135,408 (2016: \$75,310) during the financial year ended 31 March 2017 and as at that date, the Company's total liabilities exceeded its total assets by \$9,050,285 (2016: \$8,914,877). 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 immediate holding company's undertaking to provide continuing financial support to enable the Company to continue as a going concern. However, pursuant to an order of the High Court, the immediate holding company has been placed under judicial management. As such, continued support from the immediate holding company may no longer be available.

## **NOTES TO THE FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2017*

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### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **2.2 Going concern (Continued)**

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 Accruals and other payables**

Accruals 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.

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

#### **2.4 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.

#### **2.5 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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 2017

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.6 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.

#### 2.7 Income tax

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 2017

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.8 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.

The Company recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

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.

#### 2.9 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.

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 March 2017

**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.

**4 ACCRUALS AND OTHER PAYABLES**

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables	600	-
Accruals for operating expenses	1,793	1,750
	<u>2,393</u>	<u>1,750</u>

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

Trade and other payables were denominated in Singapore Dollars.

**5 AMOUNT DUE TO RELATED PARTIES**

	<u>2017</u>	<u>2016</u>
	\$	\$
Amount due to related parties	9,047,892	8,913,127

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

Amount due to related parties are unsecured, interest-free and repayable upon demand.

Amount due to related parties were denominated in the following currencies:

	<u>2017</u>	<u>2016</u>
	\$	\$
Singapore Dollar	115,616	113,866
United States Dollar	3,449	1,809
United Arab Emirates Dirham	8,928,827	8,797,452
	<u>9,047,892</u>	<u>8,913,127</u>

**NOTES TO THE FINANCIAL STATEMENTS***for the financial year ended 31 March 2017***6 SHARE CAPITAL**

	2017		2016	
	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	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

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.

**7 OTHER GAIN OR LOSSES**

	2017	2016
	\$	\$
Foreign exchange loss - unrealised	<b>131,376</b>	72,694

**8 EXPENSES BY NATURE**

	2017	2016
	\$	\$
Professional fees	<b>4,032</b>	2,616
Total administrative expenses	<b>4,032</b>	2,616

**9 INCOME TAXES**

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 were:

	2017	2016
	\$	\$
Current tax	-	-

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:

	2017	2016
	\$	\$
Loss before income tax	<b>(135,408)</b>	(75,310)
Income tax using the statutory tax rate of 17% (2016: 17%)	<b>(23,019)</b>	(12,803)
Tax effects of:		
Deferred tax assets not recognised	<b>23,019</b>	12,803
Tax charge	-	-



## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 10 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;

During the financial year, the Company entered into significant transactions with related parties in which certain director of the Company are also director and / or shareholder.

(a) Amount due to related companies

As at 31 March 2016 and 2015, amount due to related parties amounted to was as follows:

	2017	2016
	\$	\$
<u>Amount due to related companies (Note 5)</u>		
Punj Lloyd Infrastructure Pte. Ltd.	3,449	1,809
Punj Lloyd Limited, Abu Dhabi	8,927,702	8,796,343
Punj Lloyd Limited, Dubai	1,125	1,108
	<u>8,932,276</u>	<u>8,799,260</u>
<u>Amount due to holding company (Note 5)</u>		
Punj Lloyd Pte.Ltd.	<u>115,616</u>	<u>113,866</u>

Outstanding balances at 31 March 2017 and 2016, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 5.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 11 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

The Company operate mainly in Singapore and are subjected to various currency exposures, primarily with respect to the United States Dollar, Singapore Dollar and United Arab Emirates Dirham. Currency risk arises from future commercial transactions, recognised assets and liabilities.

The Company are exposed to foreign currency risk on their foreign currencies denominated cash balances, trade receivables and trade payables. The currency giving rise to this risk is primarily United States Dollar, Singapore Dollar and United Arab Emirates Dirham. Exposure to foreign exchange risk is monitored on an ongoing basis by the Company to ensure that the net exposure is at an acceptable level. As far as possible, the Company have natural hedges of matching foreign currency inflows and outflows. The Company's currency exposures based on the information available to the key management were as follows:

	USD	SGD	AED	TOTAL
<b>2017</b>				
<u>Financial liabilities</u>				
Accruals and other payables	-	2,393	-	2,393
Amount due to related companies	3,449	115,616	8,928,827	9,047,892
Currency exposure	3,449	118,009	8,928,827	9,050,285
<b>2016</b>				
<u>Financial liabilities</u>				
Accruals and other payables	-	1,750	-	1,750
Amount due to related companies	1,809	113,866	8,797,451	8,913,126
Currency exposure	1,809	115,616	8,797,451	8,914,876

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 March 2017

**11 FINANCIAL RISK MANAGEMENT (Continued)**

## Financial risk factors (Continued)

## (a) Market risk (Continued)

## (i) Currency risk (Continued)

Sensitivity analysis for foreign currency risk

If the foreign currencies change against the SGD by 10% (2016: 10%) and with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2017		2016	
	Increase / (Decrease)			
	Profit after tax	Equity	Profit after tax	Equity
	\$	\$	\$	\$
<u>USD against SGD</u>				
- strengthened	286	286	150	150
- weakened	(286)	(286)	(150)	(150)
<u>AED against SGD</u>				
- strengthened	741,093	741,093	730,188	730,188
- weakened	(741,093)	(741,093)	(730,188)	(730,188)

## (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 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

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 11 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 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.

	2017	2016
	\$	\$
Accruals and other payables (Less than one year)	<b>2,393</b>	1,750

##### (d) Fair value measurements

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.

### 12 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 and 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 2017 and 31 March 2016. The Company's overall strategy to capital management remains unchanged from 31 March 2016. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

**NOTES TO THE FINANCIAL STATEMENTS***for the financial year ended 31 March 2017***12 CAPITAL MANAGEMENT (Continued)**

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>2017</u>	<u>2016</u>
	\$	\$
Total debt	9,050,285	8,914,877
(Less): Cash and cash equivalents	-	-
Net debt	<u>9,050,285</u>	<u>8,914,877</u>
Total equity	<u>(9,050,285)</u>	<u>(8,914,877)</u>
Debt-to-adjusted capital ratio (Gearing ratio)	<u>N/A</u>	<u>N/A</u>

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

Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (ie share capital and retained earnings), other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt. The debt-to-adjusted capital ratio does not present relevant financial information with predictive or confirmatory value as the Company is in a net asset position at the end of the reporting period.

**13 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2017 and which the Company has not early adopted:

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets.

The other financial assets held by the Company include loans and receivables measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109. Accordingly, the Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

## **NOTES TO THE FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2017*

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### **13 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)**

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Company's accounting for financial liabilities as the Company does not have any such liabilities.

There is now a new expected credit loss model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of any credit losses.

The new Standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

### **14 AUTHORISATION OF FINANCIAL STATEMENTS**

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