PUNJ LLOYD PTE. LTD.

(Judicial Managers Appointed)

(Incorporated in the Republic of Singapore)

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

J. TAN & CO.

Public Accountants and Chartered Accountants

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	8 Shenton Way, #50-01 AXA Tower Singapore 068811	
DIRECTOR	Atul Punj	
	Janardhanan Sundaresan	(Resigned on 19 October 2016)
	Sandeep Srivastava	(Resigned on 24 July 2016)
	Harish Kumar	(Resigned on 05 May 2016)
COMPANY SECRETARY	Lim Hai Loon	
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

The director present 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 4 to 40 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 ended on that date;

(b) at the date of this statement, there are reasonable grounds to believe that the Company may not be able to pay its debts fully as and when they fall due, as the company is currently under the judicial management;

(c) the observations of the auditor have been fully explained in Note 2.2, 4 and 27 of notes to financial statements; and

(d) these financial statements have been prepared based on the books and records maintained by us till 26th June 2016 on which date the Judicial Manager was appointed and for period post the said date, the relevant information were provided by the Judicial Managers.

2 DIRECTOR

The director of the Company in office before the appointment of the Judicial Managers are as follows:

Atul Punj	
Janardhanan Sundaresan	*(Resigned on 19 October 2016)*
Sandeep Srivastava	*(Resigned on 24 July 2016)*
Harish Kumar	*(Resigned on 05 May 2016)*

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at anytime during the financial year was the Company a party to any arrangement whose object is to enable the director of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except for the following disclosures of director's interests in shares or debentures.

4 DIRECTOR'S INTEREST IN SHARES OR DEBENTURES

According to the register of director's shareholdings, none of the director holding office at before the appointment of Judicial Managers had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Ordinary shares			
	Shareholdings registered in the names of the director or nominee		Shareholdings in which the director is deemed to have an interest	
	At end of year	At beginning of year	At end of year	At beginning of year
Punj Lloyd Limited (Holding Company)				
(Ordinary shares of Rps 2 each)				

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 as 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.

Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)

Atul Punj
Director

Singapore, 31 JUL 2017

Disclaimer: The Judicial Managers take no position on the accuracy or the basis of the information contained in the audited financial statements of Punj Lloyd Pte. Ltd. (Judicial Managers Appointed).

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of **Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)** (the "Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company. Due to the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Going Concern

As disclosed in Note 27, the Company is under judicial management since 27 June 2016. Subsequent to the year end, the judicial managers filed an application to the High Court to liquidate the Company and adjudication has been scheduled to be heard on 7 August 2017. Should the application be approved, the Company would not be able to continue as a going concern and be liquidated.

Further, the Company incurred a net loss / (gain) of $3,638,000 (2016: ($124,306,000)) for the financial year ended 31 March 2017 and as at that date, the Company is in a net total liability and net current liability positions of $20,739,000 (2016: $17,101,000) and $143,605,000 (2016: $144,669,000) respectively. 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.

If the the Company is unable to continue in operational existence, the Company may be unable to discharge their 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 statements of financial position. In addition, the Company may need to reclassify non-current assets and liabilities as current assets and liabilities. As disclosed in Note 2.2, the directors have prepared these financial statements on the going concern basis, and no such adjustments have been made to the financial statements.

Based on the information available to us, we are unable to perform procedures to obtain support for the assumptions disclosed in that note and consequently, we are unable to conclude as to the appropriateness of the use of going concern assumption in the preparation of these financial statements

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Basis for Disclaimer of Opinion (Continued)

2. Limitation on scope of audit

We have not been granted access by the judicial managers to the accounting records, bank statements for the period subsequent to the Company been placed under judicial management on 27 June 2016 in regards to the bank accounts and balances relating to funds under their management and control. We are also unable to obtain authorisation from them to communicate direct with the relevant banks to obtain appropriate audit evidence. We were further unable to satisfy ourselves by alternative means to rectify these deficiencies.

As a result of this limitation on the scope of the audit, which may have material and pervasive effects on the financial statements and in the absence of further information and alternative procedures, we are, hence, unable to obtain sufficient appropriate audit evidence necessary for us to ascertain the appropriateness of the carrying amounts of various financial statements items, including, and not limited to bank balances, stated in the statement of financial position at an amount of $3,668,000 as at 31 March 2017; the appropriateness of the amounts of interest and other income and expenses recorded during the financial year; as well as the completeness and appropriateness of the disclosures made in the financial statements. Accordingly, we were also unable to determine the consequential tax impact, if any, arising from any necessary adjustments and the appropriateness and completeness of disclosures made in the financial statements for the financial year.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether 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, 31 JUL 2017

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	Note	2017	2016
		$'000	$'000
ASSETS			
Current assets			
Cash and short-term deposits	4	**3,668**	201
Other receivables and deposits	5	**303**	631
Amounts due from related parties	6	**13,093**	13,659
		17,064	14,491
Non-current assets			
Plant and equipment	7	**-**	808
Investment in subsidiaries	8	**122,866**	122,866
Available-for-sales financial assets	9	**-**	3,894
		122,866	127,568
Total assets		**139,930**	142,059
LIABILITIES			
Current liabilities			
Trade and other payables	10	**38,097**	37,531
Amounts due to related parties	11	**120,886**	119,936
Borrowings	12	**1,686**	1,693
		160,669	159,160
Non-current liabilities			
Deferred tax liabilities	13	**-**	-
Total liabilities		**160,669**	159,160
Net liabilities		**(20,739)**	(17,101)
EQUITY			
Share capital	14	**242,335**	242,335
Available-for-sale reserve	15	**-**	3,895
Capital reserve	16	**500**	500
Accumulated losses		**(263,574)**	(263,831)
Total equity		**(20,739)**	(17,101)

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2017

	Note	2017	2016
		$'000	$'000
Revenue	17	-	88,876
Cost of sales	21	-	(105,859)
Gross loss		-	(16,983)
Other income	18	229	479
Other gains	19	4,721	193,660
Administrative expenses	20	(4,693)	(47,499)
Finance costs	21	-	(9,025)
Profit before income tax		257	120,632
Income tax credit	23	-	3,866
Profit for the year		257	124,498
Other comprehensive income:			
Net loss on available-for-sale financial assets		-	(192)
Reclassification		(3,895)	-
Other comprehensive (loss) / income, net of tax		(3,895)	(192)
Total comprehensive (loss) / income for the year		(3,638)	124,306

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

	Share capital	Capital reserve	Available-for-sale reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 April 2015	**242,335**	**500**	**4,087**	**(388,329)**	**(141,407)**
Profit for the year	-	-	-	124,498	124,498
Other comprehensive income	-	-	(192)	-	(192)
Total comprehensive income for the year	-	-	(192)	124,498	124,306
As at 31 March 2016	**242,335**	**500**	**3,895**	**(263,831)**	**(17,101)**
Profit for the year	-	-	-	257	257
Other comprehensive income	-	-	(3,895)	-	(3,895)
Total comprehensive (loss) for the year	-	-	(3,895)	257	(3,638)
As at 31 March 2017	**242,335**	**500**	**-**	**(263,574)**	**(20,739)**

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

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2017

	Note	2017	2016
		$'000	$'000
Cash flows from operating activities			
Profit before income tax		257	120,632
Adjustments for:			
Depreciation of plant and equipment	7	681	250
Written off of plant and equipment	7	-	1,413
Loss on disposal of plant and equipment		127	-
Gain on disposal of subsidiary	19	-	(188,248)
Gain on disposal of available-for-sale financial assets	19	(3,974)	-
Interest expenses	20	-	6,018
Interest income	18	(1)	(72)
Impairment loss on investment in subsidiaries		-	1,620
Unrealised exchange gain	19	(747)	(5,412)
Provision for receivables from subsidiaries		-	28,504
Operating cash flows before working capital changes		(3,657)	(35,295)
Changes in working capital			
Changes in inventories and construction work-in-progress		-	(3,422)
Changes in trade receivables		-	296
Changes in other receivables, deposits and prepayments		328	10,863
Changes in amounts due from related parties		1,313	48,442
Changes in trade and other payables		566	48
Changes in amounts due to related parties		950	(30,908)
		3,157	25,319
Cash flows from operations		(500)	(9,976)
Interest received		-	72
Interest paid		-	(6,018)
Net cash used in operating activities		(500)	(15,922)
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		-	65
Proceed from return of capital from available-for-sale financial assets		3,974	2,281
Net cash generated from investing activities		3,974	2,346

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2017

	Note	2017	2016
		$'000	$'000
Cash flows from financing activities			
Withdrawal of bank deposits pledged		-	3,050
Net cash generated from financing activities		-	3,050
Net increase / (decrease) in cash and cash equivalents during the year		**3,474**	(10,526)
Cash and cash equivalents at beginning of year		**(1,492)**	9,034
Cash and cash equivalents at end of year	**4**	**1,982**	(1,492)

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

1 CORPORATE INFORMATION

Punj Lloyd Pte. Ltd. (Judicial Managers Appointed)(the "Company") (UEN: 200604327K) is incorporated and domiciled in the Republic of Singapore. The registered office and principal place of business of the Company is located at 8 Shenton Way, #50-01, AXA Tower, Singapore 068811.

The principal activities of the Company are those relating to construction of oil tanks and pipelines and also trading of construction-related materials.

The principal activities of its subsidiaries are set out in Note 8 of the financial statements respectively.

The Company's ultimate holding company is Punj Lloyd Limited, a listed company on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd and is incorporated in New Delhi, India.

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.

These financial statements are the separate financial statements of the Company. The Company is in the process of preparing consolidated financial statements for Punj Lloyd Pte. Ltd. (Judicial Managers Appointed) and its subsidiaries for financial year ended 31 March 2017.

Interpretations and amendments to published standards effective in 2017

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 financial statements are prepared on the going concern basis. However during the year, pursuant to a High Court order on 27 June 2016, the Company was placed under judicial management (See Note 27, Judicial Management Order). The ability of the Company to continue as a going concern depends on the ultimate outcome of judicial management process of the company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern (Continued)

As at the financial year ended 31 March 2017, the Company's total liabilities exceeded its total assets by $20,739,000 (2016: $17,101,000).

Subsequent to the year end, however, the judicial managers filed an application to the High Court to liquidate the Company and adjudication has been scheduled to be heard on 7 August 2017. Should the application be approved, the Company would not be able to continue as a going concern and be liquidated.

These factors indicate that the Company is unable to continue in operational existence for the foreseeable future and is unable to discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability of assets that 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 balance sheet.

Further, no adjustments relating to the reclassification of recorded asset amounts from non-current assets and liabilities to current assets and liabilities or the amounts that might need to be incurred should the Company be unable to continue as a going concern.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Contract revenue

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 end of the reporting period. ("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.

(b) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Management fee income

Management income is recognised upon provision of management expertise to related companies.

(d) Interest income

Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to assets are deducted against the carrying amount of the assets.

2.5 Investment in subsidiaries

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

Investments in subsidiaries are carried at cost, less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Plant and equipment

(a) Measurement

All plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

(b) Depreciation of plant and equipment

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

	Useful Lives
Plant and machinery	3 - 21 years
Furniture and fixtures	2 - 21 years
Motor vehicles	3 - 10 years

(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 will flow to the Company and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as an expense in the statement of comprehensive income during the financial year in which it is incurred.

(d) Disposal

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Borrowing costs

Borrowing costs are recognised on a time-proportion basis using the effective interest method. Borrowing cost are capitalised if they are directly attributable to the acquisition and construction of a qualifying assets.

Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sale are in progress and the expenditures and the borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. All other borrowing costs are expensed in the period they occur.

2.8 Construction contracts

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

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

2.9 Impairment of non-financial assets

Plant and equipment
Investments in subsidiaries

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 flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

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

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

An impairment loss for an asset other than goodwill is reversed if, and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets (Continued)

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

2.10 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

(i) 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 end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(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 flow 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 profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

(e) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flow, 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 profit or loss 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.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial positions 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.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, 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 profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

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

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

2.14 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 calculate 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Provisions (Continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.17 Contingent liabilities

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) A present obligation that arises from past events but is no recognised because

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recongised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligation for which the fair values can be reliably determined.

2.18 Employee benefits

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.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Currency translation (Continued)

(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 profit or loss.

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

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

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.21 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.

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) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over its estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 21 years. These are common life expectancies applied in the construction industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Company's plant and equipment at the end of reporting period is disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(b) Contract revenue

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

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

(c) Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

4 CASH AND SHORT-TERM DEPOSITS

	2017	2016
	$'000	$'000
Cash and short-term deposits	**3,668**	201

At the end of reporting period, the carrying amounts of cash and cash equivalent approximate their fair value.

Cash and cash equivalents are denominated in the following currencies:

	2017	2016
	$'000	$'000
Singapore Dollar	**356**	200
United States Dollar	**3,312**	1
	3,668	201

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

	2017	2016
	$'000	$'000
Cash and bank balances	**3,668**	201
(Less) : Bank overdrafts (Note 12)	**(1,686)**	(1,693)
Cash and cash equivalents	**1,982**	(1,492)

The Company has been placed under Judicial Management by the Singapore High Court on 27th June 2016.

4 CASH AND SHORT-TERM DEPOSITS (Continued)

Upon the appointment of Mr Nicky Tan Ng Kuang and Ms Lim Siew Soo, jointly and severally, as judicial manager, the directors of the Company are no longer in control of the operations of the Company and its bank accounts. The bank book has been prepared based on the information provided by the Judicial Managers.

5 OTHER RECEIVABLES AND DEPOSITS

	2017	2016
	$'000	$'000
Deposits	**4**	119
Other receivables	**3,223**	3,436
(Less) : Allowance for doubtful debts	**(2,924)**	(2,924)
	303	631

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

Other receivables and deposits are denominated in Singapore Dollar.

6 AMOUNTS DUE FROM RELATED PARTIES

	2017	2016
	$'000	$'000
Current account		
- Related companies	**13,093**	13,659

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

The amounts due from related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

7 PLANT AND EQUIPMENT

	Plant and machinery	**Furniture and fixtures**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Cost				
As at 1 April 2015	**3,702**	**509**	**745**	**4,956**
Disposals	(37)	-	(637)	(674)
Written off	(1,156)	(229)	(28)	(1,413)
As at 31 March 2016	**2,509**	**280**	**80**	**2,869**
Written off	(2,509)	(280)	(80)	(2,869)
As at 31 March 2017	-	-	-	-

7 PLANT AND EQUIPMENT (Continued)

Accumulated depreciation				
As at 1 April 2015	**1,570**	**226**	**624**	**2,420**
Depreciation charge for the year	176	26	48	250
Disposals	(17)	-	(592)	(609)
As at 31 March 2016	**1,729**	**252**	**80**	**2,061**
Depreciation charge for the year	681	-	-	681
Disposals	(2,410)	(252)	(80)	(2,742)
As at 31 March 2017	**-**	**-**	**-**	**-**
Net book value				
As at 31 March 2016	**780**	**28**	**-**	**808**
As at 31 March 2017	**-**	**-**	**-**	**-**

8 INVESTMENT IN SUBSIDIARIES

	2017	2016
Unquoted equity investment at cost:	**$'000**	$'000
Gross amount at beginning of financial year	**122,866**	158,067
Impairment loss	**-**	(34,876)
Disposals	**-**	(325)
At end of financial year	**122,866**	122,866

Details of the significant subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest held	
		2017	2016
		%	%
Held by the Company			
Sembawang Engineers and Constructors Pte. Ltd.	Singapore	**97**	97
PT Sempec Indonesia	Indonesia	**100**	100
Punj Lloyd Engineers and Construction Pte. Ltd.	Singapore	**100**	100

8 INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Effective interest held	
		2017	2016
		%	%
<u>Held by the Company (Continued)</u>			
Buffalo Hills Limited	British Virgin Islands	**100**	100
Punj Lloyd Delta Renewables Pte. Ltd.	Singapore	**51**	51
Punj Lloyd Kenya Ltd	Kenya	**100**	100
PT Punj Lloyd Indonesia	Indonesia	**59**	59
Punj Lloyd Thailand Co. Limited	Thailand	**100**	100
Indtech Trading FZE LLC	United Arab Emirates	**100**	100
<u>Held by Sembawang Engineers and Constructors Pte. Ltd (Judicial Managers Appointed)</u>			
Sembawang Development Pte Ltd and its subsidiaries:	Singapore	**97**	97
Contech Trading Pte. Ltd.	Singapore	**97**	97
Construction Technology (B) Sdn Bhd	Brunei	**97**	97
Sembawang Mining (Kekal) Pte. Ltd.	Singapore	**97**	97
PT Indo Precast Utama	Indonesia	**97**	97
PT Indo Unggul Wasturaya	Indonesia	**65**	65
Sembawang (Tianjin) Construction Engineering Co., Ltd	People's Republic of China	**68**	68
Sembawang Infrastructure (Mauritius) Ltd	Mauritius	**97**	97
Sembawang UAE Pte. Ltd.	Singapore	**97**	97
Sembawang (Malaysia) Sdn Bhd and its subsidiary:	Malaysia	**97**	97
Jurubina Sembawang (M) Sdn Bhd	Malaysia	**97**	97
Tueri Aquila FZE	United Arab Emirates	**97**	97
Sembwang Consult Pte. Ltd.	Singapore	**97**	97

8 INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Country of incorporation	Effective interest held	
		2017	2016
		%	%
Held by Sembawang Engineers and Constructors Pte. Ltd (Judicial Managers Appointed) (Continued)			
Sembawang Equity Capital Pte. Ltd.	Singapore	**97**	97
Sembawang Hong Kong Limited	Hong Kong	**97**	97
Sembawang (Tianjin) Investment Management Co., Ltd	People's Republic of China	**97**	97
PT Sembawang Indonesia	Indonesia	**97**	97
Reliance Contractors Pte. Ltd.	Singapore	**97**	97
Sembawang E&C Malaysia Sdn Bhd	Malaysia	**49**	49
Held by Punj Lloyd Delta Renewables Pte. Ltd.			
Punj Lloyd Delta Renewables Pvt Ltd	India	**-**	51

During the financial year, pursuant to an order of the High Court, the Company's subsidiary, Sembawang Engineers and Constructors Pte. Ltd has been placed under judicial management. Mr. Nicky Tan Ng Kuang and Ms. Lim Siew Soo c/o nTan Corporate Advisory Pte. Ltd. have been appointed as the Judicial Managers of the Company.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	$'000	$'000
Equity instruments (unquoted), at fair value	-	3,894

During the financial year, there was a return of capital on the Company's investment in equity instrument of $3,974,000 (2016: $2,281,000) and there was no impairment of the Company's investment. Further, the Company recognised fair value loss of $192,000 on equity instruments (unquoted) in other comprehensive income for year ended 31 March 2016.

The fair values of unquoted investments are determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current market value of another instrument which is substantially the same or discounted cash flow analysis.

10 TRADE AND OTHER PAYABLES

	2017	2016
	$'000	$'000
Trade payables and accruals	**38,030**	37,409
Other payables	**67**	122
	38,097	37,531

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

Trade payables are non-interest bearing are normally settled on 30-60 days terms.

Trade and other payables are denominated in Singapore Dollar.

11 AMOUNTS DUE TO RELATED PARTIES

	2017	2016
	$'000	$'000
Short-term loans		
- Subsidiaries	**83,034**	83,025
Current accounts		
- Ultimate holding company	**14,240**	13,743
- Subsidiaries	**11,191**	11,170
- Related companies	**12,253**	11,998
- Related party	**168**	-
	37,852	36,911
	120,886	119,936

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

12 BORROWINGS

	2017	2016
	$'000	$'000
Current		
Bank overdraft (Note 4)	**1,686**	1,693

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

13 DEFERRED TAX LIABILITIES

	2017	2016
	$'000	$'000
Beginning of financial year	**-**	258
Tax credit charged to statement of comprehensive income (Note 23)	**-**	(258)
End of financial year	**-**	-

14 SHARE CAPITAL

	2017		2016	
	No. of shares	**Amount of shares**	No. of shares	Amount of shares
		$'000		$'000
Issued and fully paid:				
Ordinary shares				
Beginning and end of financial year	**573,346**	**57,335**	573,346	57,335
Redeemable preference shares:				
Beginning and end of financial year	**1,850,000**	**185,000**	1,850,000	185,000
Total share capital	**2,423,346**	**242,335**	2,423,346	242,335

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

15 AVAILABLE-FOR-SALE RESERVE

During the financial year, there was a redemption of available-for-sale reserve of $3,895,000 (2016: $2,281,000).

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

16 CAPITAL RESERVE

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

17 REVENUE

	2017	2016
	$'000	$'000
Construction revenue	-	42,539
Sales of steel billets	-	46,337
	-	88,876

18 OTHER INCOME

	2017	2016
	$'000	$'000
Interest income - related companies / party	**1**	72
Scrap sale	**22**	176
Others	**206**	231
	229	479

19 OTHER GAINS

	2017	2016
	$'000	$'000
Gain on disposal of available-for-sale	**3,974**	-
Gain on disposal of investment	-	188,248
Currency exchange gains – net	**747**	5,412
	4,721	193,660

20 EXPENSES BY NATURE

	2017	2016
	$'000	$'000
Cost of sales	-	105,859
Consultancy and professional charges	**1,637**	1,301
Depreciation of property, plant and equipment (Note 7)	**681**	250
Employee's compensation (Note 22)	**399**	6,150
Doubtful debts and advances written off	-	31,014
Plant and equipment written off (Note 7)	-	1,413
Loss on disposal of plant and equipment	**127**	-
Project material consumed	**1,594**	-
Other expenses	**255**	7,371
Total cost of sales and administrative expenses	**4,693**	153,358

21 FINANCE COSTS

	2017	2016
	$'000	$'000
Finance charges	-	2,688
Interest expense – bank borrowings	-	3,619
Interest expense – subsidiary company	-	2,399
Interest expense – ultimate holding companies	-	319
	-	9,025

22 EMPLOYEE COMPENSATION

	2017	2016
	$'000	$'000
Director's remuneration and other benefits (Note 24b)	-	60
Director employer's contributions to defined contribution plans including Central Provident Fund (Note 24b)	-	60
Salaries and other benefits	**368**	5,835
Employer's contributions to Central Provident Fund	**31**	195
	399	6,150

23 INCOME TAXES

(a) Income tax expense / (credit)

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

	2017	2016
	$'000	$'000
Current income tax credit (Note 13)	-	(258)
Over provision in respect of prior year	-	(3,608)
Tax credit	-	(3,866)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 were as follows:

	2017	2016
	$'000	$'000
Profit before income tax	**257**	120,632
Tax calculated at tax rate of 17% (2016: 17%)	**44**	20,507
Effects of:		
Expenses not deductible for tax purposes	**137**	5,556
Non-taxable income	**(676)**	(32,002)
Over provision in respect of prior year (net)	-	(3,866)
Deferred tax asset not recognised	**495**	5,939
Income tax credit recognised in statement of comprehensive income	-	(3,866)

(b) Deferred income taxes

	2017	2016
	$'000	$'000
Beginning of financial year	-	3,608
Over provision in respect of prior year	-	(3,608)
End of financial year	-	-

(c) Deferred income taxes

At the balance sheet date, the Company have unrecognised unutilised tax losses of $54,865,000 (2016: $51,956,000) that can be carried forward and used to offset against future taxable income, subject to the agreement of the tax authorities and compliance with the relevant provisions of the Income Tax Act.

24 RELATED PARTY TRANSACTIONS

Related parties consist of key management of the Company, subsidiaries of the Company and entities with common direct or indirect shareholder and/or director. 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.

Some of the Company's transactions and arrangements are between members of the Company and the effect of these on the basis determined between the parties is reflected in these financial statements. The inter-company balances are unsecured, interest free and repayable on demand unless otherwise stated.

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest free and repayable on demand unless otherwise stated.

Related parties are entitles with common direct or indirect shareholders and/or director. 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) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
- (iii) The entity is controlled or jointly controlled by a person identified as a related person;
- (iv) 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).;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

24 RELATED PARTY TRANSACTIONS (Continued)

(a) Sales and purchases of goods and services

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

	2017	2016
	$'000	$'000
Expenses / (Income)		
Ultimate holding company		
- Interest paid / payable	-	2,399
- Purchases	-	46,252
- Corporate guarantee fee	-	674
- Others	-	910
	-	50,235
Related companies and subsidiaries		
- Corporate gurantee fee	-	155
- Aircraft expenses	-	10,628
- Other professional fees	-	211
	-	10,994

Outstanding balances as at 31 March 2017, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 6 and Note 11 respectively.

(b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key management personnel compensation includes fees, wages, salaries, profit-sharing, bonuses, commissions, gratuities, allowances, leave pay and other emoluments (including benefits-in-kind) as well as contributions made to approved pension or provident funds computed based on the costs incurred by the Company, and where the Company does not incur any cost, the value of the benefit.

24 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnels compensation (Continued)

The key management personnels compensation are as follows:

	2017	2016
	$'000	$'000
Director's remuneration (Note 22)	-	60
Director employer's contributions to Central Provident Fund and Skill Development Fund (Note 22)	-	60
		120

25 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 Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Director 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 finance personnel.

The information presented below is based on information received by the management team:

(a) Market risk

(i) Foreign currency risk

The Company incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily United States Dollar (USD). The Company does not use foreign currency forward exchange contracts or purchased currency options for neither hedging nor trading purposes.

In respect of monetary assets and liabilities held I currencies other than Singapore dollars, the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term balances.

25 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

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

	2017		2016	
	Increase / (Decrease)			
	Profit after tax	**Equity**	Profit after tax	Equity
	$'000	**$'000**	$'000	$'000
USD against SGD				
- strengthened 3% (2016: 3%)	**(7)**	**622**	(98)	(98)
- weakened 3% (2016: 3%)	**2**	**(622)**	98	98

(ii) Interest rate risk

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

The Company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks to generate interest income for the Company.

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

25 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade receivables.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counter-parties.

Trade receivables are provided for when management has assessed that the amount owing by a customer is unlikely to be repaid due to financial difficulties faced by the customer. Management may also consider making a provision where the likelihood of recoverability of an amount in dispute with a customer is assessed to be low after seeking legal advice from professional advisors.

Before accepting any new customer, the Company will assess the potential customer's credit quality and their financial ability to pay for the services engaged. Management periodically monitors and reviews the customer's long overdue payment and proactively engage with the customer to resolve the causes of the overdue payment.

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 balance sheet. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially assessed up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment of receivables.

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

Bank deposits 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 is past due and/or impaired.

25 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the end of reporting period, assets held by the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4 and Note 5 respectively.

This is generally carried out at the local level in the operating companies of the Company in accordance with the practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analysis non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

	2017	2016
	$'000	$'000
Less than one year		
Bank overdraft	**1,686**	1,693
Trade and other payables	**38,097**	37,531
Amounts due to related parties	**120,886**	119,936
	160,669	159,160

(d) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

25 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Fair value measurements (Continued)

	Level 1	Level 2	Level 3	Total
2017	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Available-for-sale financial assets	-	-	-	-
Total assets	-	-	-	-
2016				
Assets				
Available-for-sale financial assets	-	3,894	-	3,894
Total assets	-	3,894	-	3,894

There is a disposal of available-for-sale financial assets during the financial years ended 2017.

There has been no transfer between Level 1, 2 and 3 during the financial years ended 2016.

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

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

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2017	2016
	$'000	$'000
Loans and receivables	**17,064**	14,491
Financial liabilities at amortised cost	**160,669**	159,160

(f) Offsetting financial assets and financial liabilities

The financial assets and liabilities of the Company are not subject to enforceable master netting arrangements or similar agreement. Financial assets and liabilities are settled on a gross basis.

26 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

(i) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders

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

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's overall strategy to capital management remains unchanged from 2016. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect. Disclosure on quantitative data about what the Company manages as capital, is based on information provided internally to key management personnel and is summarised as follows:

	2017	2016
	$'000	$'000
Borrowings	**1,686**	1,693
Trade and other payables	**38,097**	37,531
Amounts due to related parties	**120,886**	119,936
(Less): Cash and cash equivalents	**(3,668)**	(201)
Net debt	**157,001**	158,959
Total equity	**(20,739)**	(17,101)
Total capital	**(20,739)**	(17,101)
Gearing ratio	**N/A**	N/A

The gearing ratio is not applicable as the company is in net liabilities position at the end of the reporting period.

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.

27 JUDICIAL MANAGEMENT ORDER

During the previous year, on 17 February 2016, the Company filed an application before the Singapore High Court to place itself under judicial management and this was subsequently approved by the High Court on 27 June 2016. Mr. Nicky Tan Ng Kuang and Ms. Lim Siew Soo c/o nTan Corporate Advisory Pte. Ltd. was appointed as the Judicial Managers of the Company.

Subsequent to the appointment of the Judicial Managers, powers as a Director of the Company are suspended during the administration by Judicial Managers as per section 227G of the Companies Act (Cap 50). Accordingly, upon the appointment of the Judicial Managers, the functions and powers of the Company's director were transferred to the Judicial Managers and the Judicial Managers were managing the affairs of the Company as well as preserve the assets of the Company.

Subsequent to the year end, however, the judicial managers filed an application to the High Court to liquidate the Company and adjudication has been scheduled to be heard on 7 August 2017.

28 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 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer contract
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Company has yet to undertake a detailed assessment of the impact of of the new standard.

28 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

- 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.

  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.

29 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Director of Punj Lloyd Pte. Ltd. (Judicial Managers Appointed) on the same date as indicated on the Director's statement.