

**SEMBAWANG ENGINEERS**  
**AND CONSTRUCTORS PTE. LTD.**  
**(Judicial Managers Appointed)**  
***(Incorporated in the Republic of Singapore)***

**DIRECTORS' STATEMENT AND AUDITED  
FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEAR ENDED 31 MARCH 2016**



**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                |  |
| Ajay Khanjanchi          | <i>(Appointed on 18 October 2016)</i>  |
| Janardhanan Sundaresan   | <i>(Resigned on 19 October 2016)</i>   |
| Sandeep Srivastava       | <i>(Resigned on 24 July 2016)</i>      |
| Harish Kumar             | <i>(Resigned on 5 May 2016)</i>        |
| Jayaram Prasad Chalasani | <i>(Resigned on 31 March 2016)</i>     |
| Nidhi Kumar Narang       | <i>(Resigned on 30 September 2015)</i> |
| Atul Dalakoti            | <i>(Resigned on 29 June 2015)</i>      |
| Luv Chhabra              | <i>(Resigned on 10 April 2015)</i>     |

**COMPANY SECRETARY** Loh Lee Eng

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

| <b>CONTENTS</b>                   | <b>PAGES</b> |
|-----------------------------------|--------------|
| Directors' statement              | 1 to 2       |
| Independent auditor's report      | 3            |
| Statement of financial position   | 4 to 5       |
| Statement of comprehensive income | 6            |
| Statement of changes in equity    | 7            |
| Statement of cash flows           | 8 to 9       |
| Notes to financial statements     | 10 to 50     |

## DIRECTORS' STATEMENT

for the financial year ended 31 March 2016

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2016.

### 1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements set out on pages 4 to 50 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (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 judicial management.

### 2 DIRECTORS

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

|                          |  |
|--------------------------|--|
| Atul Punj                |  |
| Ajay Khanjanchi          | <i>(Appointed on 18 October 2016)</i>  |
| Janardhanan Sundaresan   | <i>(Resigned on 19 October 2016)</i>   |
| Sandeep Srivastava       | <i>(Resigned on 24 July 2016)</i>      |
| Harish Kumar             | <i>(Resigned on 5 May 2016)</i>        |
| Jayaram Prasad Chalasani | <i>(Resigned on 31 March 2016)</i>     |
| Nidhi Kumar Narang       | <i>(Resigned on 30 September 2015)</i> |
| Atul Dalakoti            | <i>(Resigned on 29 June 2015)</i>      |
| Luv Chhabra              | <i>(Resigned on 10 April 2015)</i>     |

### 3 ARRANGEMENTS TO ENABLE DIRECTORS 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 directors 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 directors' interests in shares or debentures.

### 4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors 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 a 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<br>(Holding Company)<br><i>(Ordinary shares of Rps 2 each)</i> |  |                      |   |                      |
| Atul Punj   | 1,431,360  | 1,431,360            | 97,839,775  | 97,839,775           |

**DIRECTOR'S STATEMENT**

*for the financial year ended 31 March 2016*

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**5 SHARE OPTIONS**


No options to take up unissued shares of the Company were granted during the financial year.

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares. 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 appointment.

Sembawang Engineers and Constructors Pte. Ltd. (Judicial Managers Appointed)

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

  
\_\_\_\_\_  
Ajay Khajanchi  
Director

Singapore, **28 DEC 2016**

*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

**Sembawang Engineers and Constructors Pte. Ltd. (Judicial Managers Appointed)**  
for the financial year ended 31 March 2016

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Sembawang Engineers and Constructors Pte. Ltd. (Judicial Managers Appointed)** (the "Company") set out on pages 4 to 50 for the financial year ended 31 March 2016, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Acts and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

#### **Going Concern**

##### Disclosures about a Material Uncertainty Identified

We also draw attention to Note 2.2 in the financial statements, which indicate that the Company incurred a net loss of \$211,393,000 during the year ended 31 March 2016 and, as of that date, the Company's total liabilities exceeded its total assets by \$84,564,000. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2 indicate the existence of a material uncertainty 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.

#### **Going Concern Basis of Accounting**

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company's financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

#### **Other matters**

The financial statements of the Company for the financial year ended 31 March 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 20 May 2015.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Singapore, 28 DEC 2016

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2016

|                                  | Note | 2016<br>\$'000  | 2015<br>\$'000 |
|----------------------------------|------|-----------------|----------------|
| <b>ASSETS</b>                    |      |                 |                |
| <b>Current assets</b>            |      |                 |                |
| Cash and short-term deposits     | 4    | 1,009           | 8,572          |
| Trade receivables                | 5    | 9,849           | 40,099         |
| Other receivables and deposits   | 6    | 732             | 2,610          |
| Prepayments                      | 7    | -               | 405            |
| Amount due from related parties  | 8    | 94,196          | 102,089        |
| Construction work-in-progress    | 9    | -               | 90,927         |
|                                  |      | 105,786         | 244,702        |
| <b>Non-current assets</b>        |      |                 |                |
| Trade receivables                | 5    | -               | 11,767         |
| Amounts due from related parties | 8    | -               | 20,574         |
| Plant and equipment              | 10   | -               | 1,578          |
| Intangible assets                | 11   | -               | 672            |
| Loans to subsidiaries            | 12   | -               | 46,317         |
| Interests in subsidiaries        | 13   | 2,618           | 5,076          |
| Deferred tax asset               | 18   | -               | 396            |
|                                  |      | 2,618           | 86,380         |
| <b>Total assets</b>              |      | <b>108,404</b>  | <b>331,082</b> |
| <b>LIABILITIES</b>               |      |                 |                |
| <b>Current liabilities</b>       |      |                 |                |
| Trade and other payables         | 14   | 132,640         | 147,077        |
| Amount due to related parties    | 15   | 23,073          | 11,121         |
| Provisions                       | 16   | -               | 279            |
| Bank borrowings                  | 17   | 33,262          | 33,717         |
| Current income tax liabilities   |      | 2,723           | 5,256          |
|                                  |      | 191,698         | 197,450        |
| <b>Non-current liabilities</b>   |      |                 |                |
| Trade and other payables         | 14   | -               | 5,533          |
| Deferred tax liabilities         | 18   | 1,270           | 1,270          |
|                                  |      | 1,270           | 6,803          |
| <b>Total liabilities</b>         |      | <b>192,968</b>  | <b>204,253</b> |
| <b>Net (liabilities)/assets</b>  |      | <b>(84,564)</b> | <b>126,829</b> |

**STATEMENT OF FINANCIAL POSITION**

*as at 31 March 2016*

|  | <b>Note</b> | <b>2016</b>      | <b>2015</b>   |
|--|-------------|------------------|---------------|
|  |             | <b>\$'000</b>    | <b>\$'000</b> |
| <b>EQUITY</b>  |             |                  |               |
| Capital and reserves attributable to equity holders of the Company |             |                  |               |
| Share capital  | <b>19</b>   | <b>186,425</b>   | 186,425       |
| Currency translation reserve                                       | <b>20</b>   | <b>(3,073)</b>   | (821)         |
| Accumulated losses   |             | <b>(267,916)</b> | (58,775)      |
| <b>Total equity</b>  |             | <b>(84,564)</b>  | 126,829       |

**STATEMENT OF COMPREHENSIVE INCOME***for the financial year ended 31 March 2016*

|  | <b>Note</b> | <b>2016</b>      | <b>2015</b>   |
|--|-------------|------------------|---------------|
|  |             | <b>\$'000</b>    | <b>\$'000</b> |
| <b>Revenue</b>   | <b>21</b>   | <b>30,818</b>    | 214,525       |
| Cost of sales  |             | <b>(66,642)</b>  | (241,058)     |
| <b>Gross loss</b>  |             | <b>(35,824)</b>  | (26,533)      |
| Other operating income   |             | <b>13,813</b>    | 7,244         |
| Distribution expenses  |             | -                | (286)         |
| Administrative expenses  |             | <b>(140,109)</b> | (15,861)      |
| Finance costs  |             | <b>(2,330)</b>   | (1,457)       |
| Other expenses   |             | <b>(44,715)</b>  | (20)          |
| <b>Loss before income tax</b>  | <b>22</b>   | <b>(209,165)</b> | (36,913)      |
| Income tax credit  |             | <b>24</b>        | 1,531         |
| <b>Loss for the year</b>   |             | <b>(209,141)</b> | (35,382)      |
| <b>Other comprehensive income:</b>   |             |                  |               |
| Foreign currency translation arising from translation of financial statements of overseas operations |             | <b>(2,252)</b>   | (935)         |
| <b>Total comprehensive loss for the year</b>   |             | <b>(211,393)</b> | (36,317)      |



**STATEMENT OF CHANGES IN EQUITY***for the financial year ended 31 March 2016*

|  | Share<br>capital | Currency<br>translation<br>reserve | Accumulated<br>losses | Total           |
|--|------------------|------------------------------------|-----------------------|-----------------|
|  | \$'000           | \$'000                             | \$'000                | \$'000          |
| <b>As at 1 April 2014</b>  | <b>186,425</b>   | <b>114</b>                         | <b>(23,393)</b>       | <b>163,146</b>  |
| Loss for the year  | -                | -                                  | (35,382)              | (35,382)        |
| Other comprehensive income   |                  |                                    |                       |                 |
| Foreign currency translation arising<br>from translation of financial<br>statements of overseas operations | -                | (935)                              | -                     | (935)           |
| Total comprehensive income for<br>the year   | -                | (935)                              | (35,382)              | (36,317)        |
| <b>As at 31 March 2015</b>   | <b>186,425</b>   | <b>(821)</b>                       | <b>(58,775)</b>       | <b>126,829</b>  |
| Loss for the year  | -                | -                                  | (209,141)             | (209,141)       |
| Other comprehensive income   |                  |                                    |                       |                 |
| Net loss on available-for-sale<br>financial assets   | -                | (2,252)                            | -                     | (2,252)         |
| Total comprehensive income for<br>the year   | -                | (2,252)                            | (209,141)             | (211,393)       |
| <b>As at 31 March 2016</b>   | <b>186,425</b>   | <b>(3,073)</b>                     | <b>(267,916)</b>      | <b>(84,564)</b> |

**STATEMENT OF CASH FLOWS***for the financial year ended 31 March 2016*

|  | <b>Note</b> | <b>2016</b>      | <b>2015</b>     |
|--|-------------|------------------|-----------------|
|  |             | <b>\$'000</b>    | <b>\$'000</b>   |
| <b><u>Cash flows from operating activities</u></b>                                       |             |                  |                 |
| Loss before income tax   |             | (209,165)        | (36,913)        |
| <u>Adjustments for:</u>  |             | -                | -               |
| Allowance for doubtful trade receivables   | 5           | 15,587           | 57              |
| Write-back of allowance for doubtful trade receivables                                   | 5           | (492)            | -               |
| Allowance for doubtful loan receivables from subsidiaries                                | 12          | 34,893           | -               |
| Allowance for impairment of investment in subsidiaries                                   | 13          | 411              | 538             |
| Allowance / (Write-back) of allowance for doubtful loan receivables from related parties | 8           | 9,411            | (518)           |
| Write-back of provision  | 16          | (279)            | -               |
| Amortisation of intangible assets  | 11          | 536              | 148             |
| Depreciation of property, plant and equipment  | 10          | 662              | 739             |
| Loss / (Gain) on disposal of property, plant and equipment                               |             | 592              | (7)             |
| Interest expenses  |             | 2,330            | 1,457           |
| Interest income  | 22          | (4,836)          | (4,818)         |
| Property, plant and equipment written off  |             | 834              | 3               |
| Investment written off   |             | 2,047            | -               |
| Intangible assets written off  | 11          | 136              | -               |
| Foreign exchange gain  |             | (1,469)          | (1,920)         |
| <b>Operating cash flows before working capital changes</b>                               |             | <b>(148,802)</b> | <b>(41,234)</b> |
| <b><u>Changes in working capital</u></b>   |             |                  |                 |
| Changes in inventories and construction work-in-progress                                 |             | 90,927           | 23,888          |
| Changes in trade receivables   |             | 26,922           | 7,207           |
| Changes in amounts due from related parties  |             | 22,217           | 804             |
| Changes in amount due to related parties   |             | 11,952           | 1,226           |
| Changes in other receivables, deposits and prepayments                                   |             | 2,283            | 512             |
| Changes in amount due to non-controlling interest of a subsidiary                        |             | -                | (33)            |
| Changes in trade and other payables  |             | (18,956)         | 48              |
|  |             | <b>135,345</b>   | <b>33,652</b>   |
| <b>Cash flows used in operations</b>   |             | <b>(13,457)</b>  | <b>(7,582)</b>  |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016*

|  | <b>Note</b> | <b>2016</b>     | <b>2015</b>     |
|--|-------------|-----------------|-----------------|
|  |             | <b>\$'000</b>   | <b>\$'000</b>   |
| Interest received  |             | 3               | 9               |
| Interest paid  |             | (1,672)         | (1,344)         |
| Income taxes paid  |             | (2,111)         | (1,383)         |
| <b>Net cash used in operating activities</b>                         |             | <b>(17,237)</b> | <b>(10,300)</b> |
| <b><u>Cash flows from investing activities</u></b>                   |             |                 |                 |
| Decrease / (Increase) in loans to subsidiaries                       |             | 11,424          | (710)           |
| Additions of plant and equipment                                     | 10          | (505)           | (201)           |
| Proceeds from disposal of plant and equipment                        |             | -               | 12              |
| Additions of intangible assets                                       |             | -               | (14)            |
| Acquisition of subsidiaries  |             | -               | (92)            |
| <b>Net cash generated from / (used in) investing activities</b>      |             | <b>10,919</b>   | <b>(1,005)</b>  |
| <b><u>Cash flows from financing activities</u></b>                   |             |                 |                 |
| Repayment of bank borrowings   |             | (7,600)         | -               |
| Proceeds from bank borrowings  |             | 8,119           | -               |
| Dividend paid  |             | -               | -               |
| Pledge of security deposits  |             | -               | (8,214)         |
| <b>Net cash generated from / (used in) financing activities</b>      |             | <b>519</b>      | <b>(8,214)</b>  |
| <b>Decrease in cash and cash equivalents during the year</b>         |             | <b>(5,799)</b>  | <b>(19,519)</b> |
| <b>Cash and cash equivalents at beginning of year</b>                |             | <b>(1,886)</b>  | <b>16,677</b>   |
| Effect of exchange rate changes on balances held in foreign currency |             | (790)           | 956             |
| <b>Cash and cash equivalents at end of year</b>                      | <b>4</b>    | <b>(8,475)</b>  | <b>(1,886)</b>  |

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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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

Sembawang Engineers and Constructors Pte. Ltd. (Judicial Managers Appointed) (the "Company") (UEN: 198205192W) 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 engineering and construction provided involved in turnkey construction, infrastructure development, project management and chemical and industrial process engineering. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding Company is Punj Lloyd Pte. Ltd. ("PLPL"), a Company incorporated in Singapore, and the 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.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) which are stated at cost, are assumed to approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

At the beginning of the current financial year, 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 relevant transitional provisions in the respective FRS and INT FRS.

#### Adoption of new and revised standards

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.

At the end of the reporting period, there are 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 April 2016 or later periods and which the Company has not early adopted.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.1 Basis of preparation (Continued)

The future adoption of new or revised accounting Standards and Interpretations are not expected to have a material effect on the financial statements of the Company.

The following standards that have been issued but not yet effective are as follows:

| Description  | Effective for<br>annual<br>periods beginning<br>on or after |
|--|---|
| Amendments to FRS 1 Presentation of financial statements                             | 1 January 2016  |
| Amendments to FRS 27 Separate financial statement<br><i>Annual improvements 2014</i> | 1 January 2016  |
| (a) Amendments to FRS 107 Financial Instruments: Disclosures                         | 1 January 2016  |
| FRS 115 Revenue from Contracts with Customers  | 1 January 2018  |
| FRS 109 Financial instruments  | 1 January 2018  |

The Company's management expect that the adoption of the standards and interpretations above that are relevant to the Company will have no material impact on the financial statements in the period of initial application.

#### Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of Punj Lloyd Pte. Ltd.. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Punj Lloyd Limited, an India-incorporated company which produces consolidated financial statements available for public use. The corporate office of Punj Lloyd Limited, from where those consolidated financial statements can be obtained, is as follows: Group Headquarters, 78 Institutional Area, Sector 32, Gurgaon 122 001, India.

#### 2.2 Going Concern

As at the financial year ended 31 March 2016, Company incurred a net loss of \$211,393,000 and the Company's total liabilities exceeded its total assets by \$84,564,000. The ability of the Company to continue as a going concern depends on the ultimate outcome of Judicial Management process of the Company.

Subsequent to year end, pursuant to an order of the High Court, the Company 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. 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. See Note 30, Judicial Management Order, below.

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 balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

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

##### (b) Sales of goods

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

##### (c) Dividend income

Dividend income is recognised in the income statement when the right to received payment is established.

##### (d) Interest income

Interest income is recognised using the effective interest method.

#### 2.4 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Government grant shall be recognised in the income statement on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant are intended to compensate. Grants related to income are deducted against related expenses.

## **NOTES TO FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2016*

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

#### **2.5 Subsidiaries and principles of consolidation**

##### **(a) Subsidiaries**

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

Investments in subsidiaries are 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.

##### **(b) Principles of consolidation**

No consolidate financial statements of the Company and its subsidiaries have been prepared as the Company is itself a subsidiary of a Company incorporated in New Delhi, India and consolidated financial statements are prepared by the holding Company. The consolidated financial statements of Punj Lloyd Limited are available at its corporate office situated at Group Headquarters, 78 Institutional Area, Sector 32, Gurgaon 122 001, India.

#### **2.6 Associates**

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. This generally coincides with the Company in having 20% or more of voting power, or has representation on the board of directors.

Investments in associate are accounted for at cost less any impairment losses.

#### **2.7 Joint venture**

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Company recognises its interest in the joint venture using proportionate consolidation method. The Company combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Company obtains joint control until the date the Company ceases to have joint control over the joint venture.

Adjustments are made in the Company's financial statements to eliminate the Company's share of intra group balances, income and expenses and unrealised gains and losses on such transactions between the Company and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Company.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.7 Joint venture (Continued)

Upon loss of joint control, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

#### 2.8 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 (Note 2.6).

##### (b) Depreciation of plant and equipment

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

|                        | Useful Lives |
|------------------------|--------------|
| Plant and machinery    | 3 - 5 years  |
| Furniture and fittings | 3 - 5 years  |
| Office equipment       | 3 years      |
| Computer equipment     | 2 - 5 years  |
| Motor vehicle          | 3 - 5 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.

#### 2.9 Intangible assets

##### Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.



## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.9 Intangible assets (Continued)

##### Goodwill (Continued)

For the purpose of impairment testing, goodwill is allocated to the Company's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The goodwill has been allocated to the cash-generating unit (or group of cash-generating units) is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of foreign operations and are recorded in the functional currency of the foreign operations and translated at the balance sheet date.

The Company does not reverse in a subsequent year, any impairment loss recognised for goodwill.

##### Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of changing the amortisation period or method, as appropriate, are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite useful lives is recognised in the income statement in the expenses category consistent with the function of the intangible assets.

The estimated useful lives of other intangible assets that are assessed as finite are as follows:

|          |             |
|----------|-------------|
| Software | 3 – 5 years |
|----------|-------------|

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.9 Intangible assets (Continued)

##### Other intangible assets (Continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the assets is derecognised.

#### 2.10 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.

#### 2.11 Inventories

##### Constructions 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 "progress claims in excess of construction work-in-progress".

#### 2.12 Impairment of non-financial assets

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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.12 Impairment of non-financial assets (Continued)

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.

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.

#### 2.13 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.

##### (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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.13 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.

#### 2.14 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.

#### 2.15 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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.16 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.

#### 2.17 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.

#### 2.18 Leases

When the Company is the lessee:

##### (i) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.19 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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

#### 2.21 Contingent liabilities

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) A present obligation that arises from past events but is not recognised because
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability

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

#### 2.22 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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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

#### 2.24 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.

(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.

(c) Foreign currency translation

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in the other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

#### 2.25 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.

#### 2.26 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.

#### 2.27 Dividends to Company's shareholders

Dividends on ordinary shares are recognised as a liability in the year in which they are declared.



## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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### 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.

#### 3.1 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) Impairment of trade receivables

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

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

##### (b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for unexpected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's current tax liabilities, deferred tax liabilities and deferred tax assets at 31 March 2016 are \$2,723,000 (2015: \$5,256,000), \$1,270,000 (2015: \$1,270,000) and \$Nil (2015: \$396,000) respectively.

## **NOTES TO FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2016*

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### **3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

#### **3.1 Critical accounting estimates and assumptions (Continued)**

##### **(c) Useful lives of plant and equipment**

The cost of plant and equipment is depreciated on a straight-line basis over its estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 2 to 5 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 10 to the financial statements.

#### **3.2 Critical judgement in applying the entity accounting policies**

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

##### **(a) 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.

##### **(b) 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.

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***4 CASH AND SHORT-TERM DEPOSITS**

|                              | <b>2016</b>   | <b>2015</b>   |
|------------------------------|---------------|---------------|
|                              | <b>\$'000</b> | <b>\$'000</b> |
| Cash and short-term deposits | <b>306</b>    | 7,870         |
| Fixed deposits with banks    | <b>703</b>    | 702           |
|                              | <b>1,009</b>  | <b>8,572</b>  |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interests at the respective short term deposit rates.

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

|                       | <b>2016</b>   | <b>2015</b>   |
|-----------------------|---------------|---------------|
|                       | <b>\$'000</b> | <b>\$'000</b> |
| Singapore Dollars     | <b>961</b>    | 6,315         |
| United States Dollars | <b>26</b>     | -             |
| Hong Kong Dollars     | <b>13</b>     | 2,257         |
| Others                | <b>9</b>      | -             |
|                       | <b>1,009</b>  | <b>8,572</b>  |

For the purpose of the cash flow statement, cash and short term deposits comprise the following at the end of reporting period:

|                           | <b>2016</b>    | <b>2015</b>   |
|---------------------------|----------------|---------------|
|                           | <b>\$'000</b>  | <b>\$'000</b> |
| Cash at bank and in hand  | <b>1,009</b>   | 8,572         |
| Bank overdrafts (Note 17) | <b>(9,484)</b> | (10,458)      |
| Cash and cash equivalents | <b>(8,475)</b> | (1,886)       |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***5 TRADE RECEIVABLES**

|  | <b>2016</b>     | 2015   |
|--|-----------------|--------|
|  | <b>\$'000</b>   | \$'000 |
| <u>Current</u>                             |                 |        |
| Trade receivables                          | <b>15,097</b>   | 19,583 |
| Retention monies on contracts              | <b>10,339</b>   | 21,008 |
|  | <b>25,436</b>   | 40,591 |
| (Less): Allowance for doubtful receivables | <b>(15,587)</b> | (492)  |
|  | <b>9,849</b>    | 40,099 |
| <u>Non-current</u>                         |                 |        |
| Retention monies on contracts              | -               | 11,767 |
|  | <b>25,436</b>   | 52,358 |

Gross receivables are denominated in the following currencies:

|                       | <b>2016</b>   | 2015   |
|-----------------------|---------------|--------|
|                       | <b>\$'000</b> | \$'000 |
| Singapore Dollars     | <b>9,849</b>  | 34,829 |
| Renminbi              | -             | 189    |
| United States Dollars | -             | 806    |
| Hong Kong Dollars     | -             | 16,534 |
|                       | <b>9,849</b>  | 52,358 |

Receivables that are past due but not impaired

The Company has trade receivables amounting to \$9,849,000 (2015: \$1,257,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

|                                   | <b>2016</b>   | 2015   |
|-----------------------------------|---------------|--------|
|                                   | <b>\$'000</b> | \$'000 |
| <u>Trade receivables past due</u> |               |        |
| Less than 30 days                 | <b>9,825</b>  | 33     |
| 30 to 60 days                     | -             | -      |
| 61 to 90 days                     | -             | -      |
| 91 to 180 days                    | <b>24</b>     | -      |
| More than 180 days                | -             | 1,224  |
|                                   | <b>9,849</b>  | 1,257  |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***5 TRADE RECEIVABLES (Continued)**Receivables that are impaired

The Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

|  | 2016     | 2015   |
|--|----------|--------|
|  | \$'000   | \$'000 |
| Trade receivables – nominal accounts             | 15,587   | 534    |
| (Less): Allowance for doubtful trade receivables | (15,587) | (492)  |
|  | -        | 42     |
|  | 2016     | 2015   |
|  | \$'000   | \$'000 |
| <u>Movement in allowance accounts:</u>           |          |        |
| At beginning of financial year                   | 492      | 420    |
| Allowance made                                   | 15,587   | 57     |
| Write back of allowance                          | (492)    | -      |
| Exchange difference                              | -        | 15     |
| At end of financial year                         | 15,587   | 492    |

**6 OTHER RECEIVABLES AND DEPOSITS**

|  | 2016   | 2015   |
|--|--------|--------|
|  | \$'000 | \$'000 |
| Advances to suppliers                        | -      | 1,117  |
| Deposits                                     | 647    | 1,145  |
| Staff loans and advances                     | 6      | 1      |
| Other receivables                            | 79     | -      |
|  | 732    | 2,262  |
| Disbursements and other recoverable expenses | -      | 373    |
| Allowance for doubtful recoverable           | -      | (25)   |
|  | 732    | 2,610  |

**7 PREPAYMENTS**

|             | 2016   | 2015   |
|-------------|--------|--------|
|             | \$'000 | \$'000 |
| Prepayments | -      | 405    |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***8 AMOUNT DUE FROM RELATED PARTIES**

|   | 2016    | 2015    |
|---|---------|---------|
|   | \$'000  | \$'000  |
| <u>Current</u>  |         |         |
| - Ultimate holding Company                                      | -       | 220     |
| - Immediate holding Company                                     | 94,196  | 91,362  |
| - Related corporations  | 9,383   | 8,437   |
| (Less): Allowance for doubtful receivables                      | (9,383) | (2,137) |
|   | -       | 6,300   |
| - Subsidiaries  | 3,968   | 6,010   |
| (Less): Allowance for doubtful receivables                      | (3,968) | (1,803) |
|   | -       | 4,207   |
|   | 94,196  | 102,089 |
| <u>Movement in allowance for doubtful receivables accounts:</u> |         |         |
| At beginning of financial year                                  | 3,940   | 4,459   |
| Translation difference  | -       | (1)     |
| Allowance made / (Write back of allowance)                      | 9,411   | (518)   |
| At end of financial year  | 13,351  | 3,940   |
|   | 2016    | 2015    |
|   | \$'000  | \$'000  |
| <u>Non-current</u>  |         |         |
| - Subsidiaries  | -       | 430     |
| - Joint venture   | -       | 20,144  |
|   | -       | 20,574  |

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and has no fixed terms of repayment. The amounts are not expected to be repaid within the next 12 months.

Amount due from ultimate holding Company and related corporations are trade in nature, unsecured, interest-free and are repayable upon demand.

At the end of reporting period, amounts due from immediate holding Company are trade in nature, unsecured, interest-free and are repayable upon demand other than an amount of \$80,717,955 (2015: \$85,044,000) which is non-trade in nature, unsecured, interest rate ranging from 5.3% to 6.3% (2015: 5.3% to 5.8%) and is repayable upon demand.

Amount due from subsidiaries and joint venture are trade in nature, unsecured, interest-free and are repayable upon demand.

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***9 CONSTRUCTION WORK-IN-PROGRESS**

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Construction work-in-progress                           | -             | 90,927        |
| <u>Construction work-in-progress</u>                    |               |               |
| Costs and attributable profits (less recognised losses) | -             | 2,278,608     |
| Progress claims   | -             | (2,187,681)   |
|   | -             | 90,927        |

**10 PLANT AND EQUIPMENT**

|                            | <b>Plant<br/>and<br/>machinery</b> | <b>Furniture,<br/>fittings and<br/>office<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Total</b>  |
|----------------------------|------------------------------------|---|---------------------------|---------------|
|                            | <b>\$'000</b>                      | <b>\$'000</b>   | <b>\$'000</b>             | <b>\$'000</b> |
| <b><u>COST</u></b>         |                                    |   |                           |               |
| <b>As at 1 April 2014</b>  | <b>1,959</b>                       | <b>5,960</b>  | <b>1,427</b>              | <b>9,346</b>  |
| Additions                  | 128                                | 51  | 22                        | 201           |
| Disposals/written off      | (4)                                | (162)   | (165)                     | (331)         |
| Translation differences    | 29                                 | 10  | 10                        | 49            |
| <b>As at 31 March 2015</b> | <b>2,112</b>                       | <b>5,859</b>  | <b>1,294</b>              | <b>9,265</b>  |
| Additions                  | 13                                 | 489   | 3                         | 505           |
| Transfers of subsidiaries  | -                                  | 58  | 84                        | 142           |
| Disposals/written off      | (689)                              | (2,119)   | (1,139)                   | (3,947)       |
| Exit from joint venture    | (451)                              | (146)   | (46)                      | (643)         |
| Assets held for sale       | -                                  | (24)  | (3)                       | (27)          |
| Translation differences    | 3                                  | 5   | 1                         | 9             |
| <b>As at 31 March 2016</b> | <b>988</b>                         | <b>4,122</b>  | <b>194</b>                | <b>5,304</b>  |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***10 PLANT AND EQUIPMENT (Continued)**

|  | Plant<br>and<br>machinery | Furniture,<br>fittings<br>and office<br>equipment | Motor<br>vehicles | Total        |
|--|---------------------------|---|-------------------|--------------|
|  | \$'000                    | \$'000  | \$'000            | \$'000       |
| <b><u>ACCUMULATED DEPRECIATION<br/>AND IMPAIRMENT LOSSES</u></b> |                           |   |                   |              |
| <b>As at 1 April 2014</b>  | <b>1,105</b>              | <b>5,072</b>                                      | <b>1,073</b>      | <b>7,250</b> |
| Depreciation charge for the year                                 | 294                       | 325   | 120               | 739          |
| Disposals/written off  | (1)                       | (157)   | (165)             | (323)        |
| Translation differences  | 10                        | 3   | 8                 | 21           |
| <b>As at 31 March 2015</b>                                       | <b>1,408</b>              | <b>5,243</b>                                      | <b>1,036</b>      | <b>7,687</b> |
| Depreciation charge for the year                                 | 226                       | 334   | 102               | 662          |
| Disposals/written off  | (444)                     | (1,387)   | (922)             | (2,753)      |
| Exit from joint venture  | (203)                     | (70)  | (23)              | (296)        |
| Translation differences  | 1                         | 2   | 1                 | 4            |
| <b>As at 31 March 2016</b>                                       | <b>988</b>                | <b>4,122</b>                                      | <b>194</b>        | <b>5,304</b> |
| <b><u>NET BOOK VALUE</u></b>                                     |                           |   |                   |              |
| <b>As at 31 March 2015</b>                                       | <b>704</b>                | <b>616</b>  | <b>258</b>        | <b>1,578</b> |
| <b>As at 31 March 2016</b>                                       | <b>-</b>                  | <b>-</b>  | <b>-</b>          | <b>-</b>     |

The depreciation charge of the Company for the year as shown in the income statement is arrived at as follows:

|  | 2016       | 2015       |
|--|------------|------------|
|  | \$'000     | \$'000     |
| Depreciation charge for the year (Note 22) | <b>662</b> | <b>739</b> |



**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***11 INTANGIBLE ASSETS**

|  | <b>Club<br/>membership</b> | <b>Software</b> | <b>Goodwill</b> | <b>Total</b>  |
|--|----------------------------|-----------------|-----------------|---------------|
|  | <b>\$'000</b>              | <b>\$'000</b>   | <b>\$'000</b>   | <b>\$'000</b> |
| <b><u>COST</u></b>   |                            |                 |                 |               |
| <b>As at 1 April 2014</b>  | 150                        | 8,108           | 408             | 8,666         |
| Costs incurred during the year                                       | -                          | 13              | -               | 13            |
| <b>As at 31 March 2015</b>   | 150                        | 8,121           | 408             | 8,679         |
| Written off  | (150)                      | (7,985)         | (408)           | (8,693)       |
| Disposals  | -                          | (136)           | -               | (136)         |
| <b>As at 31 March 2016</b>   | -                          | -               | -               | -             |
| <b><u>ACCUMULATED<br/>AMORTISATION AND<br/>IMPAIRMENT LOSSES</u></b> |                            |                 |                 |               |
| <b>As at 1 April 2014</b>  | 150                        | 7,709           | -               | 7,859         |
| Amortisation charge for the year                                     | -                          | 148             | -               | 148           |
| <b>As at 31 March 2015</b>   | 150                        | 7,857           | -               | 8,007         |
| Written off  | (150)                      | (7,985)         | (408)           | (8,693)       |
| Amortisation charge for the year                                     | -                          | 128             | 408             | 128           |
| <b>As at 31 March 2016</b>   | -                          | -               | -               | -             |
| <b><u>NET BOOK VALUE</u></b>   |                            |                 |                 |               |
| <b>As at 31 March 2015</b>   | -                          | 264             | 408             | 672           |
| <b>As at 31 March 2016</b>   | -                          | -               | -               | -             |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***12 LOAN TO SUBSIDIARIES**

|   | <b>2016</b>      | <b>2015</b>   |
|---|------------------|---------------|
|   | <b>\$'000</b>    | <b>\$'000</b> |
| Long-term loans to subsidiaries         | <b>102,782</b>   | 114,206       |
| Allowance for doubtful loans receivable | <b>(102,782)</b> | (67,889)      |
|   | <b>-</b>         | <b>46,317</b> |

Movement in allowance for doubtful loans receivable

|                                |                |        |
|--------------------------------|----------------|--------|
| At beginning of financial year | <b>67,889</b>  | 67,889 |
| Allowance made                 | <b>34,893</b>  | -      |
| At end of financial year       | <b>102,782</b> | 67,889 |

The long term loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The loans are not expected to be repaid within the next twelve months.

**13 INTERESTS IN SUBSIDIARIES**

|   | <b>2016</b>     | <b>2015</b>   |
|---|-----------------|---------------|
|   | <b>\$'000</b>   | <b>\$'000</b> |
| Unquoted equity investment at cost                              | <b>24,021</b>   | 28,764        |
| Dividends received from per-acquisition profits of subsidiaries | <b>-</b>        | (2,696)       |
|   | <b>24,021</b>   | 26,068        |
| Impairment losses   | <b>(21,403)</b> | (20,992)      |
|   | <b>2,618</b>    | <b>5,076</b>  |

Movement in impairment losses

|                                |               |        |
|--------------------------------|---------------|--------|
| At beginning of financial year | <b>20,992</b> | 20,454 |
| Allowance made                 | <b>411</b>    | 538    |
| At end of financial year       | <b>21,403</b> | 20,992 |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***13 INTERESTS IN SUBSIDIARIES (Continued)**

Details of the significant subsidiaries are as follows:

| Name of Company  | Country of incorporation   | Effective interest held by the group |      |
|--|----------------------------|--------------------------------------|------|
|  |                            | 2016                                 | 2015 |
|  |                            | %                                    | %    |
| Sembawang Development Pte. Ltd. and its subsidiaries:                                | Singapore                  | 100                                  | 100  |
| Sembawang Libya for General Contracting & Real Estate Investment Joint Stock Company | Libya                      | 65                                   | 65   |
| Contech Trading Pte. Ltd.  | Singapore                  | 100                                  | 100  |
| Construction Technology (B) Sdn Bhd  | Brunei                     | 100                                  | 100  |
| Sembawang Mining (Kekal) Pte. Ltd.   | Singapore                  | 100                                  | 100  |
| PT Indo Precast Utama  | Indonesia                  | 100                                  | 100  |
| PT Indo Unggul Wasturaya   | Indonesia                  | 67                                   | 67   |
| Sembawang (Tianjin) Construction Engineering Co. Ltd.                                | People's Republic of China | 70                                   | 70   |
| Sembawang Infrastructure (Mauritius) Ltd   | Mauritius                  | 100                                  | 100  |
| Sembawang UAE Pte. Ltd.  | Singapore                  | 100                                  | 100  |
| Sembawang (Malaysia) Sdn Bhd and its subsidiary:                                     | Malaysia                   | 100                                  | 100  |
| Jurubina Sembawang (M) Sdn Bhd   | Malaysia                   | 99.9                                 | 99.9 |
| Tueri Aquila FZE   | United Arab Emirates       | 100                                  | 100  |
| Sembawang Bahrain S.P.C  | Bahrain                    | 100                                  | 100  |
| Sembawang Consult Pte. Ltd.  | Singapore                  | 100                                  | 100  |
| Sembawang Equity Capital Pte. Ltd.   | Singapore                  | 100                                  | 100  |

**NOTES TO FINANCIAL STATEMENTS**

for the financial year ended 31 March 2016

**13 INTERESTS IN SUBSIDIARIES (Continued)**

Details of the significant subsidiaries are as follows: (Continued)

| Name of Company  | Country of incorporation   | Effective interest held by the group |      |
|--|----------------------------|--------------------------------------|------|
|  |                            | 2016                                 | 2015 |
|  |                            | %                                    | %    |
| Sembawang of Singapore – Global Project Underwriters Pte. Ltd. | Singapore                  | -                                    | 100  |
| # Sembawang of Singapore – Global Project Underwriters Limited | Hong Kong                  | -                                    | 100  |
| # Sembawang Commodities Pte. Ltd.                              | Singapore                  | -                                    | 100  |
| Sembawang Hong Kong Limited                                    | Hong Kong                  | 100                                  | 100  |
| Sembawang (Tianjin) Investment Management Co. Ltd              | People's Republic of China | 100                                  | 100  |
| PT Sembawang Indonesia   | Indonesia                  | 100                                  | 100  |
| Reliance Contractors Private Limited                           | Singapore                  | 100                                  | 100  |

# strike off during the year

**14 TRADE AND OTHER PAYABLES**

|                                   | 2016           | 2015           |
|-----------------------------------|----------------|----------------|
|                                   | \$'000         | \$'000         |
| <u>Current</u>                    |                |                |
| Trade payables and accruals       | 103,987        | 144,689        |
| Other payables                    | 28,653         | 2,388          |
|                                   | <u>132,640</u> | <u>147,077</u> |
| <u>Non-current</u>                |                |                |
| Trade payables and accruals       | -              | 5,533          |
|                                   | <u>-</u>       | <u>5,533</u>   |
| Total trade payables and accruals | <u>-</u>       | <u>152,610</u> |

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

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

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***14 TRADE AND OTHER PAYABLES (Continued)**

All trade payables and accruals are denominated in the following currencies:

|                       | 2016           | 2015           |
|-----------------------|----------------|----------------|
|                       | \$'000         | \$'000         |
| Singapore Dollars     | 103,726        | 122,811        |
| Renminbi              | -              | 1,731          |
| United States Dollars | 242            | 142            |
| Hong Kong Dollars     | -              | 25,315         |
| Others                | 19             | 223            |
|                       | <b>103,987</b> | <b>150,222</b> |

**15 AMOUNT DUE TO RELATED PARTIES**

|                             | 2016          | 2015          |
|-----------------------------|---------------|---------------|
|                             | \$'000        | \$'000        |
| <u>Short-term loans</u>     |               |               |
| - Subsidiaries              | 18,890        | 2,896         |
| <u>Current accounts</u>     |               |               |
| - Ultimate holding Company  | 4,141         | 6,778         |
| - Immediate holding Company | -             | 159           |
| - Subsidiaries              | 42            | 1,288         |
|                             | <b>23,073</b> | <b>11,121</b> |

Short term loan and current accounts are unsecured, interest-free and repayable on demand.

**16 PROVISIONS**

|                              | 2016   | 2015   |
|------------------------------|--------|--------|
|                              | \$'000 | \$'000 |
| Provision for warranty costs | -      | 279    |

**17 BANK BORROWINGS**

|                         | 2016          | 2015          |
|-------------------------|---------------|---------------|
|                         | \$'000        | \$'000        |
| <u>Current</u>          |               |               |
| Revolving credits       | 23,778        | 15,659        |
| Bank overdraft (Note 4) | 9,484         | 10,458        |
| Bank loan               | -             | 7,600         |
|                         | <b>33,262</b> | <b>33,717</b> |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***17 BANK BORROWINGS (Continued)**

Revolving credits and bank overdrafts bear effective interest ranging at 4% to 5.6% (2015: 2.8% to 8.7%) and are secured by a charge over the current assets of the Company and a corporate guarantee from its ultimate holding Company. The amounts are payable within the next financial year.

Bank loan bears effective interest at 3.0% and are secured by pledge deposits from a subsidiary. The amounts were payable in FY2015. The loan was repaid during the year 2016.

**18 DEFERRED TAX ASSETS / (LIABILITIES)**

|                            | <b>2016</b>   | 2015   |
|----------------------------|---------------|--------|
|                            | <b>\$'000</b> | \$'000 |
| <u>Deferred tax assets</u> |               |        |
| Unutilised tax losses      | -             | 396    |

Movement in deferred tax are analysed as follows:

|                                 |       |     |
|---------------------------------|-------|-----|
| <u>Deferred tax assets</u>      |       |     |
| At beginning of financial year  | 396   | 369 |
| Reversal of deferred tax assets | (396) | -   |
| Translation difference          | -     | 27  |
| At end of financial year        | -     | 396 |

|                                 | <b>2016</b>   | 2015    |
|---------------------------------|---------------|---------|
|                                 | <b>\$'000</b> | \$'000  |
| <u>Deferred tax liabilities</u> |               |         |
| Construction work in progress   | (1,270)       | (1,270) |

Movement in deferred tax are analysed as follows:

|   |         |         |
|---|---------|---------|
| <u>Deferred tax liabilities</u>             |         |         |
| At beginning of financial year              | (1,270) | (7,300) |
| Charge to statement of comprehensive income | -       | 6,030   |
| At end of financial year                    | (1,270) | (1,270) |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***18 DEFERRED TAX ASSETS / (LIABILITIES) (Continued)**

Deferred tax assets have not been recognised in respect of the following temporary differences:

|            | 2016   | 2015   |
|------------|--------|--------|
|            | \$'000 | \$'000 |
| Tax losses | 37,957 | 36,384 |

The deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

The use of these utilised tax losses is subject to the agreement of the tax authorities and compliance with provisions of the relevant tax legislations.

**19 SHARE CAPITAL**

|  | 2016             |                     | 2015             |                     |
|--|------------------|---------------------|------------------|---------------------|
|  | No. of<br>shares | Amount of<br>shares | No. of<br>shares | Amount of<br>shares |
|  |                  | \$'000              |                  | \$'000              |
| <u>Issued and fully paid:</u>          |                  |                     |                  |                     |
| <u>Ordinary shares of no par value</u> |                  |                     |                  |                     |
| At beginning and end of financial year | 187,100          | 186,425             | 187,100          | 186,425             |

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.

**20 CURRENCY TRANSLATION RESERVE**

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Company, as well as on monetary items which form part of the Company's net investment in foreign operations.

**21 REVENUE**

|                      | 2016   | 2015    |
|----------------------|--------|---------|
|                      | \$'000 | \$'000  |
| Construction revenue | 30,818 | 214,525 |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***22 LOSS BEFORE INCOME TAX**

Loss before income tax has been arrived at after (crediting) / charging:

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <u>Other operating income include</u>   |               |               |
| Interest income from:   |               |               |
| - Banks   | (3)           | (7)           |
| - Related companies   | (4,836)       | (4,809)       |
| Gain on disposal of property, plant and equipment   | -             | (7)           |
| Gain on foreign exchange  | (1,469)       | (2,388)       |
| Provisions written back   | (6,482)       | -             |
| Foreign exchange fluctuation on deconsolidation   | (459)         | -             |
| Other income  | (455)         | (31)          |
| <u>Cost of sales/ administrative expenses/ other operating expenses include</u>                 |               |               |
| Allowance for doubtful trade receivables (Note 5)   | 15,587        | 57            |
| Amortisation of intangible assets (Note 11)   | 536           | 148           |
| Depreciation of property, plant and equipment (Note 10)   | 662           | 739           |
| Plant and equipment written off   | 834           | 3             |
| Intangible asset written off (Note 11)  | 136           | -             |
| Operating lease expenses  | -             | 1,929         |
| Loss on disposal of property, plant and equipment   | 592           | -             |
| <u>Other expenses include</u>   |               |               |
| Allowance / (Write-back) allowance for doubtful loans receivables from related parties (Note 8) | 9,411         | (518)         |
| Allowance for doubtful loan receivables from subsidiaries (Note 12)                             | 34,893        | -             |
| Allowance for impairment of investment in subsidiaries (Note 13)                                | 411           | 538           |
| <u>Staff costs include</u>  |               |               |
| Salaries and allowances   | 20,044        | 36,534        |
| Defined contribution plan expense   | 1,112         | 1,723         |
| <u>Finance cost include</u>   |               |               |
| Interest paid and payable to:   |               |               |
| - Deemed interest   | 2,330         | 113           |
| - Banks   | 209           | 1,344         |



**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***23 INCOME TAX EXPENSE**

The major components of income tax expense for the years ended 31 March 2016 and 2015 were:

|   | 2016   | 2015    |
|---|--------|---------|
|   | \$'000 | \$'000  |
| Under / (Over) provision in respect of prior years                | 24     | (4,499) |
| Deferred tax – prior years (Note 18)                              | -      | 6,030   |
| Income tax credit recognised in statement of comprehensive income | 24     | 1,531   |

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 2016 and 2015 were as follows:

|   | 2016      | 2015     |
|---|-----------|----------|
|   | \$'000    | \$'000   |
| Loss before income tax                            | (209,165) | (36,913) |
| Tax calculated at tax rate of 17% (2015: 17%)     | 35,558    | 6,275    |
| Effects of:                                       |           |          |
| Expenses not deductible for tax purposes          | (204)     | (542)    |
| Income not subject to tax                         | 1,102     | 774      |
| Under/over provision in respect of prior year     | 24        | 1,531    |
| Effects of different tax rates in other countries | -         | (30)     |
| Deferred tax assets not recognised                | (36,456)  | (6,405)  |
| Others  | -         | (72)     |
| Tax credit  | 24        | 1,531    |

**24 COMMITMENTS**

Operating lease commitments – where the Company is a lessee

The Company leases office premises and certain machineries under a non-cancellable operating lease agreement. The lease payments are reviewed yearly and the lease expenditure is charged to the statement of comprehensive income during the financial year. The future aggregate minimum lease payments under the non-cancellable operating lease contracted for at the reporting date but not recognised as liabilities is as follows:

|                            | 2016   | 2015   |
|----------------------------|--------|--------|
|                            | \$'000 | \$'000 |
| Not later than one year    | -      | 921    |
| Between one and five years | -      | 836    |
| Later than five years      | -      | 3,472  |

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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### 25 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 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.

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 intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

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) 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);

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***25 RELATED PARTY TRANSACTIONS (Continued)**

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:

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

**(a) Sales and purchases of goods and services**

|  | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Expenses charged by ultimate holding Company | -             | 3,164         |
| Income:                                      |               |               |
| - Immediate holding Company                  | <b>4,836</b>  | 5,100         |

**(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 directors (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.

The key management's remuneration is as follows:

|                                  | <b>2016</b>   | <b>2015</b>   |
|----------------------------------|---------------|---------------|
|                                  | <b>\$'000</b> | <b>\$'000</b> |
| Short-term employee benefits     | <b>1,381</b>  | 1,400         |
| Defined contribution plan        | <b>19</b>     | 29            |
|                                  | <b>1,400</b>  | 1,429         |
| Comprise amounts paid to:        |               |               |
| - Directors of the Company       | <b>273</b>    | 439           |
| - Other key management personnel | <b>1,127</b>  | 990           |
|                                  | <b>1,400</b>  | 1,429         |

## **NOTES TO FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2016*

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### **26 CONTINGENT LIABILITIES**

#### **(a) Legal claim**

It is normal in the construction industry for the Company to experience delays in the approval of extensions of time ("EOT") that may expose the Company to liquidated damages if the EOT are not subsequently approved by the customers.

As at the date of the financial statements, the management of the Company have reasonable grounds to believe that most if not all of the unapproved EOT as at balance sheet date would be eventually approved based on discussion and consultation with the various experts from the construction industry.

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

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

#### **(b) Corporate guarantee**

As at the balance sheet date, the Company has provided a corporate guarantee to a bank for a US\$45,000,000 (2015: US\$45,000,000) against a loan by Punj Lloyd Infrastructure Pte. Ltd. (a member of Punj Lloyd Limited Group) which was originally taken by its immediate holding company, Punj Lloyd Pte. Ltd.

### **27 INTEREST IN JOINT OPERATIONS**

These relate to the joint operations agreements entered into by the Group and the Company with third parties to jointly undertake both overseas and local construction projects.

These undertakings are managed jointly through project management committees on which the Group and the Company and other joint operations partners are represented in accordance with their respective interests.

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***27 INTEREST IN JOINT OPERATIONS (Continued)**

Details of the joint operations are as follows:

| Name of joint operations<br>(Country of incorporation and<br>place of business) | Principal activities   | Effective interest<br>held by the group |      |
|---|--|---|------|
|   |  | 2016                                    | 2015 |
|   |  | %                                       | %    |
| Total-CDC-DNC Joint Operation<br>(Indonesia)                                    | Construction of a hotel and golf<br>course recreation centre   | 40                                      | 40   |
| Kumagai-Sembawang-Mitsui<br>Joint Venture<br>(Singapore)                        | Design and construction of the<br>Potong Pasir and Boon Keng<br>Mrt Stations (MRT Contract<br>705) , including tunnels | 45                                      | 45   |
| Kumagai-SembCorp Joint<br>Venture<br>(Singapore)                                | Design and construction of the<br>Changi Airport MRT Station<br>(MRT Contract 504) including<br>tunnels                | 50                                      | 50   |
| Philipp Holzmann-SembCorp<br>Joint Venture<br>(Singapore)                       | Design and construction of<br>Kranji Deep Tunnel Sewerage<br>System (Contract T-05)                                    | 100                                     | 100  |
| Kumagai-SembCorp Joint<br>Venture (DTSS)<br>(Singapore)                         | Design and construction of Paya<br>Lebar Deep Tunnel Sewerage<br>System (Contract T-03)                                | 50                                      | 50   |
| Semb-Corp Daewoo Joint<br>Venture<br>(Singapore)                                | Design and construction of<br>Kallang and Paya Lebar<br>Expressway (Contract 422)                                      | 60                                      | 60   |
| Sembawang Capsi Engineers<br>and Constructors LLP (Republic<br>of Kazakhstan)   | Engineering, procurement and<br>construction works   | 50                                      | 50   |
| Sembawang-Leader Joint<br>Venture<br>(Hong Kong)                                | Construction of Shatin to<br>Central Link Diamond Hill<br>Station  | -                                       | 55   |
| <b>Held by subsidiaries</b>   |  |   |      |
| + Sembawang Precast System<br>LLC<br>(Emirate of Dubai)                         | Precast production including<br>pre-casting of columns,<br>retaining walls and tunnel<br>segments                      | 50                                      | 50   |
| + In the process of liquidation   |  |   |      |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***27 INTEREST IN JOINT OPERATIONS (Continued)**Philipp Holzmann-SembCorp Joint Venture

Philipp Holzmann Aktiengesellschaft ("Philipp Holzmann") filed for insolvency in Germany on or about 21 March 2002 and had defaulted in the payment of capital contribution required by the joint operations.

On 27 March 2002, the Company exercised its rights under the joint operation agreement to exclude Philipp Holzmann Aktiengesellschaft from further participation in the joint operation.

Subsequently, the German Court appointed the insolvency administrator of Philipp Holzmann on 1 June 2002. Pursuant to the terms of the joint operation agreement, such default by Philipp Holzmann and its exclusion will result in the reduction of Philipp Holzmann's participation (to such share proportionate to its capital contribution) in the profits of the joint operations as at the time of its exclusion but Philipp Holzmann's share in undergoing liquidation in Germany, it is unlikely that it will be able to fulfill its obligations under the joint operation.

Accordingly, the Company has incorporated the entire results, assets and liabilities of the joint operation in arriving at the financial statements of the Company as at 31 March 2016.

The results, assets and liabilities of the joint operations held by the Company are as follows:

|                               | <b>Joint operations</b> |               | <b>Company's share</b> |               |
|-------------------------------|-------------------------|---------------|------------------------|---------------|
|                               | <b>2016</b>             | <b>2015</b>   | <b>2016</b>            | <b>2015</b>   |
|                               | <b>\$'000</b>           | <b>\$'000</b> | <b>\$'000</b>          | <b>\$'000</b> |
| <b>Results</b>                |                         |               |                        |               |
| Revenue                       | <b>7,635</b>            | 67,423        | <b>4,188</b>           | 37,083        |
| Expenses                      | <b>(8,429)</b>          | (72,840)      | <b>(4,643)</b>         | (40,061)      |
| Profit before taxation        | <b>(794)</b>            | (5,417)       | <b>(455)</b>           | (2,978)       |
| <b>Assets and liabilities</b> |                         |               |                        |               |
| Not-current assets            | -                       | 15,351        | -                      | 8,443         |
| Current assets                | <b>986</b>              | 33,879        | <b>881</b>             | 18,544        |
| Non-current liabilities       | -                       | -             | -                      | -             |
| Current liabilities           | <b>(298)</b>            | (50,174)      | <b>(244)</b>           | (27,351)      |
|                               | <b>688</b>              | (944)         | <b>637</b>             | (364)         |

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***28 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 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 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) and Euro Dollars (EUR).

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

In respect of monetary assets and liabilities held in currencies other than 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.

**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.

|                              | 2016                  |        | 2015              |        |
|------------------------------|-----------------------|--------|-------------------|--------|
|                              | Increase / (Decrease) |        |                   |        |
|                              | Loss<br>after tax     | Equity | Loss<br>after tax | Equity |
|                              | \$'000                | \$'000 | \$'000            | \$'000 |
| <u>USD against SGD</u>       |                       |        |                   |        |
| - strengthened 3% (2015: 3%) | (1)                   | (1)    | (670)             | (670)  |
| - weakened 3% (2015: 3%)     | 1                     | 1      | 670               | 670    |

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

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### 28 FINANCIAL RISK MANAGEMENT (Continued)

#### Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (ii) Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's bank 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.

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.

At the end of reporting period, the Company has no material exposure to interest rate fluctuations.

##### (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.



**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***28 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(b) Credit risk (Continued)**

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Company's trade receivable at the balance sheet date is as follows:

|                   | 2016         |            | 2015          |            |
|-------------------|--------------|------------|---------------|------------|
|                   | \$'000       | % of total | \$'000        | % of total |
| <u>By Country</u> |              |            |               |            |
| Singapore         | 9,849        | 100        | 34,294        | 65         |
| China             | -            | -          | 534           | 1          |
| Hong Kong         | -            | -          | 16,534        | 32         |
| Others            | -            | -          | 996           | 2          |
|                   | <u>9,849</u> | <u>100</u> | <u>52,358</u> | <u>100</u> |

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

At the balance sheet date, there is no significant concentration of credit risk except for the amounts due from top 5 major customers amounting to approximately 0% (2015: 91%) of total trade receivables. However, the good credit history of these customers reduces the risk to the Company to an acceptable level.

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

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

The information regarding financial assets that are either past due or impaired is disclosed in Note 5.

**(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.

**NOTES TO FINANCIAL STATEMENTS***for the financial year ended 31 March 2016***28 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(c) Liquidity risk (Continued)**

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 analyses 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.

|                               | 2016             |                      | 2015             |                      |
|-------------------------------|------------------|----------------------|------------------|----------------------|
|                               | Less than 1 year | Between 1 to 5 years | Less than 1 year | Between 1 to 5 years |
|                               | \$'000           | \$'000               | \$'000           | \$'000               |
| Bank borrowings               | 33,262           | -                    | 33,717           | -                    |
| Trade and other payables      | 132,640          | -                    | 147,077          | 5,533                |
| Amount due to related parties | 23,073           | -                    | 11,121           | -                    |
|                               | <b>188,975</b>   | <b>-</b>             | <b>191,915</b>   | <b>5,533</b>         |

**(d) Financial instruments by category**

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet except for the following:

|   | 2016    | 2015    |
|---|---------|---------|
|   | \$'000  | \$'000  |
| Loans and receivables                   | 105,786 | 232,028 |
| Financial liabilities at amortised cost | 188,975 | 197,448 |

**(e) 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.

## NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2016

### 29 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 is required to comply with externally imposed capital requirements and bank covenants which were breached in the financial years ended 31 March 2016 and 31 March 2015. The Company's overall strategy to capital management remains unchanged from 2015. 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:

|  | 2016     | 2015    |
|--|----------|---------|
|  | \$'000   | \$'000  |
| Bank borrowings                                      | 33,262   | 33,717  |
| Equity attributable to equity holders of the Company | (84,564) | 126,829 |
| Gearing ratio  | NA       | 26.6%   |

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 (i.e. share capital and retained earnings), other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

## **NOTES TO FINANCIAL STATEMENTS**

*for the financial year ended 31 March 2016*

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### **30 JUDICIAL MANAGEMENT ORDER**

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.

The Judicial Managers were appointed to, inter alia, manage the affairs of the Company as well as preserve the assets of the Company. Upon the appointment of the Judicial Managers, the functions and powers of the Company's directors were transferred to the Judicial Managers.

The Company believes that the above developments do not necessitate any significant adjustments in the financial statements.

### **31 AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sembawang Engineers and Constructors Pte. Ltd. (Judicial Managers Appointed) on the same date as indicated on the directors' statement.