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SEMBAWANG CONSULT PTE. LTD.
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**



J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

| | |
|--|--|
| REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS | 8 Shenton Way #50-01 AXA Tower Singapore 068811 |
| DIRECTOR | Atul Punj |
| COMPANY SECRETARY | Lim Hai Loon |
| INDEPENDENT AUDITOR | J. TAN & CO. <i>Public Accountants and Chartered Accountants</i> |

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DIRECTOR'S STATEMENT

for the financial year ended 31 March 2017

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

1 OPINION OF THE DIRECTOR

In the opinion of the director

- (a) the financial statements as set out on pages 5 to 24 are drawn up so as to give a true and fair view of financial position of the Company as at 31 March 2017, and of the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- (c) the observation of the auditors have been fully explained in the notes to financial statements (Note 2.2).

2 DIRECTOR

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

Atul Punj

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at anytime during the financial year was the Company a party to any arrangement whose object was 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 as disclosed in the accompanying financial statements and in this report.

4 DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

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

| | Ordinary shares | | | |
|---|--|----------------------|--|----------------------|
| | Holdings registered In the names of the director | | Holdings in which a director is deemed to have an interest | |
| | At end of year | At beginning of year | At end of year | At beginning of year |
| <u>Punj Lloyd Limited</u> (Ultimate Holding Company) Ordinary shares of Rps 2 each | | | | |
| Atul Punj | 1,431,360 | 1,431,360 | 97,544,447 | 97,839,775 |

DIRECTOR'S STATEMENT

for the financial year ended 31 March 2017

5 SHARE OPTIONS

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

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

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

6 INDEPENDENT AUDITOR

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

Sole director,



Atul Punj
Director

Singapore, **18 APR 2017**



INDEPENDENT AUDITOR'S REPORT

to the members of

Sembawang Consult Pte. Ltd.

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sembawang Consult Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of \$425,649 (2016: \$434,843) during the year ended 31 March 2017 and, as of that date, the Company's total liabilities exceeded its total assets by \$1,733,719 (2016: \$1,308,070). As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements of the Company for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion of those statements on 26 September 2016.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT
to the members of
Sembawang Consult Pte Ltd
for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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



J. TAN & CO.
Public Accountants and Chartered Accountants
Singapore, 13 APR 2017

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

| | Note | 2017 | 2016 |
|---|------|-------------|-------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | - | 3,176 |
| Amount due from related parties | 5 | - | 400,488 |
| | | - | 403,664 |
| Non-current assets | | | |
| Plant and equipment | 6 | - | 31,320 |
| Total assets | | - | 434,984 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 5,012 | 30,139 |
| Amount due to immediate holding company | 8 | 1,626,796 | 1,605,739 |
| Amount due to related parties | 9 | 101,911 | 107,176 |
| Total liabilities | | 1,733,719 | 1,743,054 |
| Net liabilities | | (1,733,719) | (1,308,070) |
| EQUITY | | | |
| Share capital | 10 | 500,000 | 500,000 |
| Accumulated losses | | (2,233,719) | (1,808,070) |
| Total equity | | (1,733,719) | (1,308,070) |

STATEMENT OF COMPREHENSIVE INCOME*for the financial year ended 31 March 2017*

| | Note | 2017 | 2016 |
|--|-------------|------------------|-------------|
| | | \$ | \$ |
| Revenue | 2.3 | - | 125,008 |
| Cost of sales | | - | (53,011) |
| Gross profit | | - | 71,997 |
| Other gains or losses | 11 | (416,843) | 10,880 |
| Administrative expenses | 12 | (8,806) | (517,720) |
| Loss before income tax | | (425,649) | (434,843) |
| Income tax expense | 13 | - | - |
| Loss for the year / Total comprehensive loss for the year | | (425,649) | (434,843) |

STATEMENT OF CHANGES IN EQUITY*for the financial year ended 31 March 2017*

| | Share capital | Accumulated losses | Total |
|---|--------------------------|-------------------------------|--------------------|
| | \$ | \$ | \$ |
| As at 1 April 2015 | 500,000 | (1,373,227) | (873,227) |
| Loss for the year / Total comprehensive loss for the year | - | (434,843) | (434,843) |
| As at 31 March 2016 | 500,000 | (1,808,070) | (1,308,070) |
| Loss for the year / Total comprehensive loss for the year | | (425,649) | (425,649) |
| As at 31 March 2017 | 500,000 | (2,233,719) | (1,733,719) |

STATEMENT OF CASH FLOWS*for the financial year ended 31 March 2017*

| | Note | 2017 | 2016 |
|--|----------|----------------|------------------|
| | | \$ | \$ |
| <u>Cash flows from operating activities</u> | | | |
| Loss before income tax | | (425,649) | (434,843) |
| <u>Adjustments for:</u> | | | |
| Depreciation of plant and equipment | | - | 8,949 |
| Provision for doubtful debts | 5 | 395,223 | - |
| Write back on amount due to related party | | (9,701) | |
| Loss on disposal of plant and equipment | | 31,321 | - |
| Operating cash flows before working capital changes | | (8,806) | (425,894) |
| <u>Changes in working capital</u> | | | |
| Changes in trade and other receivables | | 5,265 | 265,044 |
| Changes in amount due from holding company | | - | (400,488) |
| Changes in trade and other payables | | (25,128) | (220,485) |
| Changes in amount due to holding company | | 21,057 | 734,406 |
| Changes in amount due to related parties | | 4,436 | 28,592 |
| | | 5,630 | 407,069 |
| Cash used in operations | | (3,176) | (18,825) |
| Net cash flows used in operating activities | | (3,176) | (18,825) |
| Net decrease in cash and cash equivalents during the year | | (3,176) | (18,825) |
| Cash and cash equivalents at beginning of year | | 3,176 | 22,001 |
| Cash and cash equivalents at end of year | 4 | - | 3,176 |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

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

1 CORPORATE INFORMATION

Sembawang Consult Pte. Ltd. (the "Company") (UEN No. 200611516E) is incorporated and domiciled in Singapore. The address of its registered office and principal place of businesses 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 business and management consultancy services. The Company remained dormant during the financial year.

The immediate holding company is Sembawang Engineers and Constructors Pte Ltd, a company incorporated in Singapore. Its intermediate holding company is Punj Lloyd Pte Ltd, a company incorporated in Singapore and its ultimate holding company is Punj Lloyd Limited, a company incorporated in India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Going concern

The Company incurred a net loss of \$425,649 (2016: \$434,843) during the financial year ended 31 March 2017 and as at that date, the Company's total liabilities exceeded its total assets by \$1,733,719 (2016: \$1,308,070). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the immediate holding company's undertaking to provide continuing financial support to enable the Company to continue as a going concern. However, pursuant to an order of the High Court, the immediate holding company has been placed under judicial management. As such, continued support from the immediate holding company may no longer be available.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern (Continued)

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

2.3 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for the Company's activities are met as follows:

Rendering of services

Revenue from consultation and advisory services are recognised by reference to the labour hours incurred by the consultant, upon performance of these services.

2.4 Plant and equipment

(a) Measurement

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

(ii) Component of costs

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

(b) Depreciation of fixed assets

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

| | <u>Useful lives</u> |
|-------------------|---------------------|
| Office equipments | 5 years |
| Computers | 5 years |

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Plant and equipment (Continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 Financial assets

(a) Classification

The Company classifies its financial assets as loans and receivables. 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 maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 5) and "cash and cash equivalents" (Note 4) on the statement of financial position. Trade receivables are generally on 30-180 days credit terms.

(b) Recognition and derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Financial assets (Continued)

(c) Initial measurement

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

(d) Subsequent measurement

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

(e) Impairment

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

(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 flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.

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 the prior periods. Otherwise, they are presented as non-current liabilities.

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).

2.6 Offsetting financial instruments

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

2.7 Trade and other payables

Accruals and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities. They are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method. Trade payables are normally settled on 30-180 days terms which are unpaid.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 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 end of each reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices 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 that are based on market conditions existing at the end of each reporting period where appropriate, quoted market prices or dealer.

Valuation techniques, such as discounted cash flow analysis, are used to determine the fair values of the financial instruments quotes for similar instruments are used.

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

2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. 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.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 Companies, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Income tax (Continued)

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 end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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.

2.12 Provisions

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

The Company recognises the estimated liability to repair or replace products still under warranty at the end of each reporting period. This provision is calculated based on historical experience of the level of repairs and replacements. Provision for warranty costs are recognised at the date of sales of the relevant products, and calculated based on the director's historical experience of the level of repairs and replacements.

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

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

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.13 Currency translation (Continued)****(b) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation 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 end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

4 CASH AND CASH EQUIVALENTS

| | <u>2017</u> | <u>2016</u> |
|---------------------------|-------------|-------------|
| | \$ | \$ |
| Cash and cash equivalents | - | 3,176 |

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

5 AMOUNT DUE FROM RELATED PARTIES

| | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| | \$ | \$ |
| Amount due from related parties | 395,223 | 400,488 |
| Less: allowance for doubtful receivables | (395,223) | - |
| | - | 400,488 |

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

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

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***6 PLANT AND EQUIPMENT**

| | Office equipment | Computers | Total |
|--|---------------------|---------------|---------------|
| | \$ | \$ | \$ |
| Cost: | | | |
| As at 1 April 2015 | 2,807 | 42,187 | 44,994 |
| Addition | - | - | - |
| Disposals | - | (275) | (275) |
| As at 31 March 2016 | 2,807 | 41,912 | 44,719 |
| Addition | - | - | - |
| Disposals | (2,807) | (41,912) | (44,719) |
| As at 31 March 2017 | - | - | - |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES: | | | |
| As at 1 April 2015 | 281 | 4,201 | 4,482 |
| Addition | 561 | 8,388 | 8,949 |
| Disposals | - | (32) | (32) |
| As at 31 March 2016 | 842 | 12,557 | 13,399 |
| Addition | - | - | - |
| Disposals | (842) | (12,557) | (13,399) |
| As at 31 March 2017 | - | - | - |
| NET CARRYING AMOUNT: | | | |
| As at 31 March 2016 | 1,965 | 29,355 | 31,320 |
| As at 31 March 2017 | - | - | - |

7 TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|--------------------------|--------------|--------|
| | \$ | \$ |
| Trade and other payables | 5,012 | 30,139 |

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

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***8 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY**

| | 2017 | 2016 |
|---|------------------|-----------|
| | \$ | \$ |
| Amount due to immediate holding company | 1,626,796 | 1,605,739 |

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

The amount due to immediate holding company is non-trade, unsecured, interest free and repayable upon demand.

9 AMOUNT DUE TO RELATED PARTIES

| | 2017 | 2016 |
|-------------------------------|----------------|---------|
| | \$ | \$ |
| Amount due to related parties | 101,911 | 107,176 |

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

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

10 SHARE CAPITAL

| | 2017 | | 2016 | |
|--|----------------|------------------|---------------|------------------|
| | No. of shares | Amount of shares | No. of shares | Amount of shares |
| <u>Ordinary shares with no par value</u> | | | | |
| <u>Issued and fully paid</u> | | \$ | | \$ |
| Beginning and end of financial year | 500,000 | 500,000 | 500,000 | 500,000 |

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

11 OTHER GAINS AND LOSSES

| | 2017 | 2016 |
|---|------------------|--------|
| | \$ | \$ |
| Gain on foreign exchange differences | - | 10,880 |
| Write back on amount due to related party | 9701 | - |
| Provision for doubtful debts | (395,224) | - |
| Loss on assets disposal | (31,320) | - |
| Total other gains and losses | (416,843) | 10,880 |

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***12 EXPENSES BY NATURE**

| | 2017 | 2016 |
|-----------------------------------|--------------|---------|
| | \$ | \$ |
| Salaries, wages and severance pay | - | 389,730 |
| Depreciation expenses | - | 8,949 |
| Insurance expenses | - | 66,643 |
| Rental expenses | - | 27,456 |
| Professional fees | 6,671 | 7,106 |
| Others | 2,135 | 17,836 |
| Total administrative expenses | 8,806 | 517,720 |

13 INCOME TAXES

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

| | 2017 | 2016 |
|-------------|-------------|------|
| | \$ | \$ |
| Current tax | - | - |
| | - | - |

The income tax charge varied from the amount of profit before income tax multiplied by the Singapore income tax rate of 17% (2016: 17%) as a result of the following differences:

| | 2017 | 2016 |
|--|------------------|-----------|
| | \$ | \$ |
| Loss before income tax | (425,649) | (434,843) |
| Income tax using the statutory tax rate of 17% (2016: 17%) | (72,360) | (73,923) |
| Tax effects of: | | |
| Deferred tax assets not recognised | 72,360 | 73,923 |
| Tax charge | - | - |

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

14 RELATED PARTY TRANSACTIONS

Related companies comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

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

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

| | 2017 | 2016 |
|--|------|--------|
| | \$ | \$ |
| Rental paid on behalf of immediate holding Company | - | 27,456 |

15 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

15 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk

(i) Currency risk

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

(ii) Interest rate risk

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

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

(b) Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes of financial assets are loan to immediate holding corporation.

The Company has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company has no exposure to liquidity risk during the year.

The table below analyses the Company's financial liabilities based on contractual undiscounted cash flows.

| | 2017 | 2016 |
|--|-----------|-----------|
| | \$ | \$ |
| Other financial liabilities (Less than one year) | 1,733,719 | 1,743,054 |

(d) Fair value measurements

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

The carrying amounts of the financial assets and financial liabilities at the reporting date with a maturity of less than one year are assumed to approximate their fair values due to the relatively short-term maturity of these financial instruments or that they are subject to floating or fixed interest rates which in turn approximate the current market interest rate for similar instruments at the date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***15 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(e) Financial instruments by category**

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

| | 2017 | 2016 |
|---|-------------------------|------------------|
| | \$ | \$ |
| <u>Loans and receivables</u> | | |
| Amount due from related parties | - | 400,488 |
| Cash at bank | - | 3,176 |
| | <u>-</u> | <u>403,664</u> |
| <u>Financial liabilities measured at amortised cost</u> | | |
| Trade and other payables | 5,012 | 30,139 |
| Amount due to immediate holding company | 1,626,796 | 1,605,739 |
| Amount due to related parties | 101,911 | 107,176 |
| | <u>1,733,719</u> | <u>1,743,054</u> |

16 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are

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

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

The Company does not need to comply with any externally imposed capital requirements for the financial years ended 31 March 2017 and 31 March 2016. The Company's overall strategy to capital management remains unchanged from 31 March 2016. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

NOTES TO THE FINANCIAL STATEMENTS*for the financial year ended 31 March 2017***16 CAPITAL MANAGEMENT (Continued)**

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

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Total debt | 1,733,719 | 1,743,054 |
| (Less) Cash and cash equivalents | - | (3,176) |
| Net debt | <u>1,733,719</u> | <u>1,739,878</u> |
| Total equity | <u>(1,733,719)</u> | <u>(1,308,070)</u> |
| Debt-to-adjusted capital ratio (Gearing ratio) | <u>NA</u> | <u>NA</u> |

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

Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (ie share capital and retained earnings), other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

The debt-to-adjusted capital ratio does not present relevant financial information with predictive or confirmatory value as the Company is in a net asset position at the end of the reporting period.

17 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

17 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Continued)

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

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

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

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

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

The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets.

The other financial assets held by the Company include loans and receivables measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

Accordingly, the Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

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

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

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

Sembawang Consult Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

18 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sembawang Consult Pte. Ltd. on the same date as indicated on the director's statement.